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ARMS CONTROL, PRODUCTION, SALES TO THIRD WORLD REVIEWED

Rome RASSEGNA SINDACALE in Italian 7, 14, 28 May 81, 4 Jun 81

[Articles by Stefano Pietrantonio]

[7 May 81 pp 33-34]

[Text] A top secret sector in which legal and illegal business is conducted. But who are our leading customers? This is a rational map of the purchasing countries, of the weapons systems and of the industries that subsidize the madness of the century.

There are 211 large, small and microscopic countries in the world. Italy conducts business with a fourth of the entire hemisphere and assists other countries to conduct business by means of the sale of manufacturing licenses for some especially efficient weapon systems to be subjected to special modifications. Not many governments buy licenses, but, even in the limited number, they have considerable weight in their respective action zones.

For example, Brazil has been building the Emb-326Gb [aircraft] since 1970 and one of its versions, the At-26 Xavante, produced by EMBRAER [Brazilian Aeronautics Company], thanks to AERMACCHI [Macchi Aeronautics Company], is being sold in countries that have special problems with guerrilla warfare, like El Salvador and Chile, but also in relatively calm countries like Panama, Mexico, Sudan and Togo. It is an especially light, maneuverable aircraft. Since 1976, South Korea has been building the FIAT-6614, a brother of the 6616, an armored car with considerable technical "capabilities." Libya is producing locally the Sf-260W Warrior of SIAI Marchetti, a light attack aircraft, with a 1977 license. Since 1974 Peru has been able to build the Lupo-type frigate of United Naval Shipyards. Finally, South Africa, against which we recall the United Nations branding prohibiting member countries from selling arms is still in force today, assembles Impala-2 aircraft, produced under license from Atlas working with the assistance of AERMACCHI, and Am-3C Bosbok whose maternity is known however (produced by Atlas) and no other. Some of these countries import, however, substantial amounts either of the same products or of similar means and export, as is true of South Africa, "their" means to other countries condemned internationally, like Rhodesia, which had, in 1978, and it is reasonable to believe that it still has, dozens of Impala-2. Nigeria also acquired some AM-3C Bosbok from Cape Town precisely between 1978 and 1979.

Therefore, it is clear that something is not working in the sales organization system in our country and it is likewise clear why a diligent policy is being demanded for the sector from several sides. The production system of some weapon systems, the ones most sought after, is also worked out by teamwork. The attentive eyes of some countries that design and produce death jewels with our technicians are on some weapons manufactured by us. Coproduction is of special interest to three European countries: France, the Federal Republic of Germany and Great Britain. Oto Melara of La Spezia built with France, from 1974 to 1976, the Otomat-2 and Otomat-2 Teseo antitank missile systems that Egypt, Peru, Venezuela and Taiwan liked in view of the orders placed. Oto Melara has been building, with the Federal Republic of Germany, the Leopard tank since 1973 (some parts are also manufactured by Lancia Automobiles). The Aim-7E and the Cobra-2000, whose maternity is unknown, have also been manufactured since 1974. The Tornado-ADV and Tornado-IDS projects, a futuristic fighter aircraft, built by the PANAVIA Company in which the Federal Republic of Germany is also present, unite us with Great Britain. In Italy, the companies involved should be AERITALIA and FIAT. Then there is the United States of America with which the leading companies in the aeronautical sector are involved: Agusta, AERITALIA and Breda Nardi. Agusta has been building the finest aircraft since 1967 will Bell, which are: AB-205, AB-206B-2, AB-206B-3, AB-206B-LR, AB-212, AB-212AS, AB-214A, CH-47C Chinook, S-61R and SH-3D, all various-sized helicopters. AERITALIA has been producing the F-104S fighter-bomber with permission dated 1968. FIAT has been manufacturing the Hughes-300C since 1976 and the Hughes-500MD since 1977.

The great majority of the countries buying our weapon systems belong to the Third World with the overwhelming predominance of the African continent. Next come the Americas, Europe and Asia. Of 52 countries being supplied with Italian weapons, three-fifths, and a bit more, have governments with a center-right political composition. At least about 10 of them have had the sad experience of a coup d'etat, and seven of them still have real dictatorships in power. The remaining two-fifths consist of countries whose governments are controlled by mixed coalitions or center-left groups, sultanates on the way to extinction, social and civilian systems openly friendly to the West. It should also be noted that there are many countries in which the majority of the population professes the Islamic religion. The aeronautics sector is the one whose sales are always increasing, followed by the machine-building sector, the electronics sector and the shipbuilding sector.

But what are the weapon systems, the buying countries and the industries subsidizing the madness of the century? The list that we furnish below [not included] may be able to give a picture of the situation, although, it should be pointed out, the more or less legal contacts cannot be seen by anyone. They are top secret material and, as such, are available only to the directly responsible government officials (the legal ones) and to express traffickers in the pay of some intrepid managers (illegal). Therefore, the "picture" is susceptible to changes, because some contracts are also made public (through the press and so on) during the year.

Agusta is present in the aeronautics sector with its approved aircraft, the Hirundo 109, AB-204, AB-205A. They are helicopters whose transportation capacity, flexibility in maneuvering and flight endurance cause them to be preferred over other machines on the market, because they are suitable for any flight and atmospheric condition. AERMACCHI exports training aircraft (MB-326) and tactical support aircraft like the MB-326K. Breda Nardi produces the NH-300 and NH-500D helicopters,

in addition to participating in building the Otomat missiles of Oto Melara. SIAI-Marchetti sells SF-260M training aircraft, SF-260W tactical support aircraft and transport aircraft, like the AM-3C. Therefore, there is a massive preference for light, fast-flying aircraft, reconnaissance and troop transportation helicopters, training aircraft. The fighter-bombers (F-104) of AERITALIA and reconnaissance aircraft of the same company also have buyers, Argentina for example. The machine-building sector, because of its technical characteristics, offers a more varied, almost 1000-uses, arsenal. We mention the Leopard tanks and the M-113 tracked vehicles for troop transportation of the Oto Melara Company, builder also of various missile systems like the Albatros (surface-to-air) and Otomat (antiship missile) already mentioned several times. Breda exports the Folgore and Sparviero antitank missiles. FIAT exports armored vehicles and SIMMEL explosives and ammunition.

The ones most sold are antitank and antiship missile systems, in addition to armored cars for troop transportation and for action on rough terrain. The electronics sector offers a rich range of highly sophisticated equipment. SELENIA produces radar systems for independence in navigation, for interception and jamming, for underwater exploration. MICROTECNICA offers systems for air, naval and land armaments. Contraves sells radar equipment for antiaircraft fire. All these instruments are very expensive and are also offered as optional for some air and naval weapon systems. Finally, the shipbuilding sector has the presence, or, rather, the omnipresence of United Naval Shipyards, of INTERMARINE, of ITALCANTIERI and of Riva. Their production offers the Audace destroyer, the Lupo and Maestrale-class frigates, the Sparviero missile-launching hydrofoils, fast motorboats, minesweepers, missile-launching motorboats, Sauro and Toti submarines, complete equipment for submarines and ships.

Italy's marketing trend in the war-equipment sector, therefore, has its eyes on the African and Middle East countries, almost all of them large oil producers or budding collaborators of Western policy. Liberal and NATO countries, like the Federal Republic of Germany and Spain, are side by side with countries in which the rules of the democratic game are regarded as stupid appendices of social activity. Democratic countries, with strong liberal traditions, are "fellow travelers" with fascist countries. Political "tribalism" cooperates with intelligent capitalism. One final detail: there is the worrisome presence of many countries that belong to the Nonaligned Movement. It is another sign of the political tension that has been in existence internationally for these last 10 years. Italy does business with all as a clever businessman.

[14 May 81 pp 37-38]

[Text] Is it possible to implement diversification or reconversion from military to civilian status or both? This is discussed with some plant councils.

The production of weapons, regardless of how sophisticated they may or may not be, is therefore big business for our country also because demand is far in excess of the degree of expectation of the entire international market. But the "ethical" factor of the whole matter cannot remain disassociated from so flourishing a situation. In other words, whether it is right to prepare the world for death by taking away huge appropriations for socially useful and necessarily objective works in several parts of this tormented planet. There is no desire to make the parable

of the Good Samaritan, but only to point out, briefly, some problems that have been and still are the basis for the countless studies made by international specialists on the subject and for all those who have sought and are seeking to find an adequate "solution" to the problem, if it is possible to speak of a solution.

Mention is heard of words like "reconversion" or "diversification," used mostly by vehement pacifist circles, often twisted and used conveniently for the greatest variety of occasions. Without deceiving ourselves that we can settle the matter with this investigation, an attempt is made essentially to clarify to ourselves, but also to others, whether there are real margins for giving concrete shape to slogans like "for peace against war" or "for disarmament and for socialism." Above all it must be clarified what the two technical words--reconversion and diversification--mean. Reconversion refers to a process by which part of the military industrial production would be adapted definitely to a different production sector. Diversification brings about an expansion of the activities and the alternativity of military and civilian manufacturing in the sphere of the whole work of production untouched by reconversion. Therefore, it is clear that to speak of reconversion or of diversification implies a parallel study of the entire production capacity of a given country and of the actual degree of capability for receiving the product on the international market.

Therefore, the two main individuals in this production process, just as in others, are the employer and the worker. We already know what the manager's line on this problem is: if the market requires certain items, if these items succeed in being competitive and if, owing precisely to this competitiveness, it is possible to alleviate somewhat the state's balance of payments, constantly in deficit, why not intensify production of the product and, at the same time, make it keep up more and more with demand? Why talk about diversification or reconversion with the risk of losing thousands of jobs? These questions are legitimate for someone who is trying to make balances always come out right, but they cannot stem from a situation as dramatic as the situation, for example, of the Third and Fourth World.

We have tried to ask several plant councils their own opinion on the subject by providing a small test that was answered by all twelve of the councils concerned, chosen in the Brescia and La Spezia areas, the two provinces most involved in the investigation because of the amount of business. The questions, whose plan was worked out by consulting a test prepared by others 2 years ago but which seemed to us to be still fresh, concerned primarily the problem of the job, the worker component, the state of the equipment, the products manufactured or in processing phase, plus a series of various questions on the problem of reconversion (whether or not it is agreeable) and on the problem of our arms exports. The result was very positive, because beyond megaprograms, we succeeded in taking the pulse of some of the largest weapons plants.

Some data. The average age of the buildings housing these companies ranges around 15 years with remarkably modern production. The labor force employed, still in 12 plants, amounts to 4,500 persons and the turnover ranges around 25-30 billion [lire] a year (for example, 10 billion for Breda and 47 billion for Beretta). The products (data on projects were not furnished for obvious reasons) produced by these recent plants are, for the most part, rifles, pistols and heavy arms that see, alongside, the very modest work also of small artisans who have in their hands 5 percent of the production under subcontract (for example, the percentage of subcontracting

in Breda is precisely 5 percent). In general, the owners of these companies are not in a position, or do not even have a political desire, to talk about diversification and in the opinion of some plant councils the only solution for starting a process like that might be the establishment of cooperatives (idea of the Franchi plant). There is some amount of foreign coparticipation (good presence of Belgium, the United States, Germany, Sweden) and these same countries grant licenses for the manufacture of some of the finest weapons. All are guided by a single proprietor (private or the state) and furnish, in most cases, weapons both to our Army and to others like Iran, Brazil, France, New Zealand, European countries (the same ones that provide the licenses) and African countries.

It is very difficult for all to speak of reconversion. Some point out objective problems, money, while others answer with a curt no. The same negative answer is given to the question on whether you have taken part in initiatives for Third World countries, while the answer is positive when it is asked whether you know that the accuracy, quality and quantity of Italian weapons is noted in almost all more or less large-scale conflicts.

The following is the status of the situation: we repeat that certainly 12 plants out of a total of close to 200 companies involved in the sector are few, but the trend line of armament manufacturers is, without doubt, as has been indicated. For example, the Brescia area brings to light the difficulty of starting processes of differentiation of production for various reasons: the high costs, the objective difficulty of restructuring the product, the problem of labor mobility. In short, the point seems to be as follows: it might be achieved, but, first of all, there must be a serious, detailed study of the new market, of the possibilities for competition internationally and of the way in which the present skills can be used in the new manufacture of the product. On the other hand, the point of view of La Spezia is different. It does not follow the line of production reconversion, but, rather, it is trying to put in concrete form the line "of using the profits of the company derived from the production of weapons in investments in the South and in development of TERMOMECCANICA, in La Spezia, which produces instrumental goods" (reply by the Oto Melara plant council).

Therefore, discussion of this problem is not of one mind, although the desire of the labor union to concentrate it better is not lacking. But market risks made a clear, definite stand on the matter difficult. The important thing is for it to be discussed and for there to be a desire to think of something else. Not to shut down the arms market outright, but, rather, to seek, at least, to make it more "civil."

The Oto Melara List

Orders taken: 1972 (114 billion lire), 1973 (33 billion), 1974 (68 billion), 1975 (181 billion), 1976 (122 billion), 1977 (140 billion), 1978 (172 billion), 1979 (200 billion), 1980 (300 billion).

Marketing trend: 1977 (Italy 63 percent, abroad 37 percent), 1978 (Italy 49 percent, abroad 51 percent), 1979 (Italy 43 percent, abroad 57 percent), 1980 (Italy 25 percent, abroad 75 percent).

Labor force: 1977 (2,344), 1978 (2,404), 1979 (2,475), 1980 (2,505).

Offices: La Spezia, Turin, Rome.

Weapons: 76/62 compact gun, Otomat missiles, 155/14 self-propelled howitzer, FH-70 towed battery, OF-40 self-propelled, M-113 troop carrier, Leopard tank, FIAT-Oto Melara armored car hull, Palmaria self-propelled, M-60 armored car.

Shareholding composition: EFIM [Manufacturing Industry Holding and Financial Company] (74.2 percent), Breda Railway (EFIM) 25.8 percent).

[28 May 81 pp 30-31, 47]

[Text] Interview with Falco Accame [Italian Socialist Party Deputy]

How to sell four ships for the price of three to Libya. Or how to unload junk on Third World countries. All the market secrets that escape any control whatsoever.

Falco Accame, an Italian Socialist Party deputy, comes from the Navy in which he served as a senior officer. At present, in addition to having intensive activity as a member of Parliament, he is in charge of the Defense Section of that same party and has distinguished himself particularly for having submitted a bill (on 25 July 1979) on Rules for Control of War Material Exports in 14 articles, plus a proposed Code of Ethics, which, according to its intentions, would have forbidden retired military personnel from joining companies associated with the financial administration. Both "actions" had a lukewarm, if not downright cold, reception in the Chamber of Deputies. He is a technician, according to many the most expert and the most aggressive one, specializing, as is obvious, in the naval sector. We addressed some general policy questions to him on Italy's arms sales abroad. The following are his replies.

[Question] In your opinion, which weapon is most in demand today? What are its characteristics?

[Answer] The weapon most in demand that is capable of raising the technological trend is the Oto Melara 76 compact gun and the 127 gun, which was an American gun, modified later and adjusted by the La Spezia company for very rapid firing. Weapons flow like the current of a river and our river is flowing entirely toward the Third World, toward countries with a less advanced technology in comparison with ours. Undoubtedly it has been a valid operation from the technical point of view and we are successful in exporting this weapon to the United States and to countries with a more advanced technology. We are exporting to the Third World, I should not like to say junk, but equipment certainly not with a high degree of sophistication. Also because equipment with a high degree of sophistication is of no use to those countries, inasmuch as they have no way of maintaining it. Moreover, we are already in the Third World in a certain sense, because we are unable to maintain much sophisticated equipment that we have bought from the United States, so that a radar that, for example should detect a target of a certain size at a distance of 130 miles, detects at a distance of 30-40 miles after a few years, because the difficulty of maintaining this equipment, the technological level of the personnel and need for having original spare parts make it deteriorate greatly.

[Question] But does Parliament not control?

[Answer] Our sales are very broad, because we have no parliamentary control law. In the last legislature, I already submitted two bills, one socialist and the other signed by other members of Parliament (Codrignani, Milani, Spinelli, Fracanzani, CiccioMessere, editor's note), but we did not succeed in discussing it. Also, two weeks ago, in this legislature, the Foreign Affairs and Defense committees met. An attempt was made to discuss it, but the Christian democrats requested suspension, in order to submit a bill of their own and, in the meantime, they asked that this problem also be handled in the Industry Committee. Thus, the process is blocked. Just as happened in the other legislature, when Moro maintained to the Foreign Affairs Committee that the issue was not under the jurisdiction of Defense but rather of Foreign Affairs. It is obvious that the industrialists who are selling weapons do not want to have any control, because their success depends precisely on the lack of control. There is no competitive market, because it is a sale of a political nature. A country comes to us not because the product is better, but because it thinks that it might have difficulties in other countries. Therefore, it agrees to everything with its eyes closed with enormous profits and high commissions. We are well aware that the oil scandal originated with the sale of arms to Libya, especially by Oto Melara, by availing itself of the administrative organization of Colonel Minerba, who was chief of the administrative service of the secret services at that time. The secret services, which are familiar with all fields and, therefore, with the market, the buyer, in some way, had a major part in the game. So much so that permits are granted after examination by the Interministerial Committee, on which Defense is present with a staff officer and an officer from the secret services. This last-mentioned officer is the one who determines the sale. Therefore, there is a free hand, because Parliament cannot control this market. Meanwhile, however, with the triangulation system (selling to one country so that the weapon will reach another), neither the use nor the final user is known. Moreover, the same product is modified. For example, we sell a training aircraft that later becomes a small antiguerrilla fighter aircraft and the game is played.

We carry out controls only as a manner of speaking and all that gives our war industry a great potential. It is true, however, that little has been done also by the labor union and the plant councils. It is obvious that there is a job problem. However, to state that "all the workers are united in defending peace against war" ends by running later up against the employment problem. It is an issue also unsolved by the labor union. To speak, therefore, of reconversion under these conditions is still hypothetical. In fact, that implies entering a market not controlled by political laws, but, rather, by economic laws. It is necessary to be competitive and nothing else.

[Question] In addition to this Interministerial Committee, there is COCOM [(NATO) Coordinating Committee], in Paris, an agency that should control sales by Western countries to countries not belonging either to NATO or to the Western political hemisphere. Do you know anything about it?

[Answer] In our opinion, COCOM is of little use, because we do not sell beyond the curtain, aside from resorting to the so-called triangulation. Our relations with that agency are modest, because there is no direct traffic. We sell all that we want, for example, to Lebanon or to Syria and then the product goes wherever

it wants. In order to give another example, a shipment of 40,000 Beretta weapons was partly found in the hands of terrorists in Turkey, after having been sold to Romania. In fact, there is much of this traffic in Eastern countries. The COCOM should concern itself with permits to the East, but I believe that we succeed in getting around this obstacle very easily.

[Question] Are you aware of the fact that private parties succeed in selling plans for weapon systems to foreign countries as principals without the help of industries in the sector or of intrepid managers?

[Answer] There are several brokers and the largest one in Italy is the Tirrena firm, four steps away from the president's palace. Tirrena is a firm to which we have often resorted, especially for sales to South Africa, through Israel, of torpedoes, aircraft and other war equipment. In addition, there are other organizations engaged in selling, assuring that arms shipments can be placed without problems.

[Question] Nevertheless, Parliament should get official notification of stipulated contracts.

[Answer] Two kinds of controls would have to be made. One of them concerns orders with foreign countries, The other concerns domestic orders, that is to say sales and purchases by Defense. These purchases should be submitted to a committee that was appointed in the last legislature and that was reappointed a few weeks ago (I do not believe that it has met yet) presided over by Ariosto. But I have some doubts on the possibility of reviewing contracts, which often fill thousands of pages. Work has to be done in the technical field that one single deputy could never perform thoroughly without a great number of technicians and experts to analyze it. At any rate, I shall resort to this committee for examination of two or three contracts.

[Question] Which ones?

[Answer] For example, the contract pertaining to minesweepers built at Sarzana by the INTERMARINE Company. In order for these craft to go to sea, they have to pass through a channel crossed by a bridge whose demolition is being discussed because of that.

[Question] Why did this obstacle, which was known however, not appear in the contract?

[Answer] This is why: examination of these matters requires the constant presence of several technicians specializing in the various branches. This is on the domestic level. With regard to the international level, there must be a political kind of control, and I stressed that in my two bills. There is a war between Iran and Iraq? Parliament can decide not to sell weapons to either one. There is an embargo against a country? Parliament can decide not to sell weapons to that specific country. For example, the United Nations condemned our sales to South Africa, but Oto Melara guns reached South Africa.

All those ministries that are on the Interministerial Committee are concerned with the sale of weapons: the ministries of Interior, Foreign Affairs, Foreign Trade,

Industry, Defense and also Finance in a certain way, because, for example, we sold four corvettes to Libya in 1974 with a contract in Italian lire and we are selling the last two now to Libya at the same prices as then. This amounts to making Libya a gift of one corvette. The weapons industries are almost all under the Ministry of State Participations and to make the community lose money, the Treasury's money, does not seem to me to be the right policy. The fact that it has not been possible to discuss the bills, or at least one of them, demonstrates the strength of the military industrial complex, which, obviously, finds very strong support in a large number of deputies and parties. Scarcely is this problem mentioned when it is immediately blocked. And there is no support by labor unionism and, therefore, we do not even have this support, which could be, and is, very important.

[Question] What regulations apply to weapons sales?

[Answer] The process begins with a request made by a country through our military attaches, who make up the SIOS [Operational Intelligence and Situation Services] (the intelligence service of the individual armed force), which is under SISMI [Intelligence Service for Military Security] (military intelligence service), which collects all the requests coming from abroad. These requests are evaluated to decide on the advisability of exporting to that country and the companies involved are notified. If, on the other hand, the request arrives directly at the companies by means of their agents in various countries, these companies request an export permit from the Ministry of Foreign Trade, who, in turn, forwards an informational memorandum to the ministries of Foreign Affairs, Defense, Interior and Industry. The committee gives clearance for the exportation and the Ministry of Foreign Trade can release the permit.

[Question] How much does a Leopard tank cost?

[Answer] About a billion and a half [lire]. At any rate, they are sold not subject to fixed prices like cigarettes. Quite differently.

[4 Jun 81 pp 35-36]

[Text] Interview with General Nino Pasti, an Independent Left senator.

Hunger in the world: a nuclear bomb. This is the most serious problem in the coming years. But there also is the armament race in which Italy plays a subaltern, ambiguous part.

Senator Nino Pasti, of the Independent Left, was deputy supreme allied commander in Europe and in NATO he was always concerned with problems pertaining to nuclear matters. An Air Force general (retired since 1969), he has been sitting on the benches of the Senate of the Republic for the last two legislatures. We asked him some questions concerning an investigation on Italian weapons trade abroad, because, undoubtedly, other matters concerning, for example, the political-military stability between the two blocs and international relations especially with Third World countries go side by side with trade factors for this kind of traffic.

[Question] Senator Pasti, you have been a NATO commander and, therefore, have military and political experience. What is your opinion on our arms traffic, especially with some Third World countries?

[Answer] I judge it severely. I am definitely against intensifying the sale of arms to the Third World, because they are countries that need civilian, not military assistance. The policy on whether or not to sell arms must not be an isolated factor. There must be a consistent foreign policy that can put us in a position of being able to assist those countries, but in civilian development. I was in Africa recently, in Togo and in Congo Brazzaville. They are two countries very open to collaboration with European countries and especially with Italy. I would not know if we are selling arms to those countries, but I believe that our presence in them must and can be of a political nature, in the best sense of the term, in order to help them develop those domestic production capabilities that can allow them to have self-sufficiency at every level. We must not stress important war-making factors. There is no doubt that conflicts exist, but we must work to solve them peacefully. For example, Togo is acting in the spirit of the Lome conventions, very significant in this regard. No armament selling must be part of this policy of a general nature in which all Europe must be incorporated. We are part of the European Community, which has an appreciable place in the sale of arms to the Third World. Our action must be directed, both in the Community and in NATO, toward making those Third World countries become active components in world development. Hunger in the world is a tragic problem. It is the most dangerous nuclear bomb that we have in our future (this does not mean that real nuclear bombs are not a serious problem) and, therefore, we must help those countries become self-sufficient. It seems to me that up to now we have operated in the diametrically opposite direction. We have sought to take raw materials from developing countries and then to sell them back to those same countries with a considerable price increase.

[Question] You show me that war conflicts are preceded by critically political conflicts. Do you not believe that Europe's danger at present is neutralization of the specific autonomy of the blocs to fall into the arms of the Reagan administration?

[Answer] I am seriously concerned about the new Reagan administration, also because I have followed rather closely the career of the new secretary of state. In 1969, Haig was a colonel with a quite normal, not especially brilliant, career. In 4 years, he had four promotions for political merit. He went from colonel to four-star general, the top grade in the American Army, the grade of full general. Then he resigned from the Armed Forces to become chief of staff of the White House personnel with Nixon. After the Watergate scandal, realizing that his position was becoming more and more difficult, he put his uniform back on and became supreme commander in Europe with a colonel's experience! He used this post of his for basically political purposes, all the more true because later he succeeded in taking his first step by becoming secretary of state. This ambition of his causes concern, because he had already hinted, when he left the military career, that he wanted to be a presidential candidate. He has always gambled on the fact of telling glaring lies concerning Soviet armament and the Soviet military danger, which does not exist. The Warsaw Pact is much weaker militarily than NATO or China. Three-fourths of Soviet territory are close to China, where approximately a billion Chinese are pressing against the borders with the USSR. And we know how much China is now drawing close to American military policy. Haig even said that clearly during the

debate in the Senate on his appointment. There is no doubt that it causes great concern. Europe should make its voice heard more, in order to temper somewhat these extremist thrusts by Reagan. We must carry out an action of containment that it seems that the Federal Republic of Germany and France are carrying out. Unfortunately, Italy is always absent. We have the reputation of being "first in the class" in Atlantic loyalty but also in subservience toward the Americans. This is a title that I do not like very much, because it jeopardizes the security of the world.

[Question] We manufacture arms also under American license. We are among the world leaders. In your opinion, can this mean the possibility that there are also secret agreements between us and the Pentagon?

[Answer] I am not in a position to give a specific reply. It is true that, at least in the past, it has been possible for the United States to use Italian production under license to supply countries that were excluded from American aid. Obviously, there were agreements, contacts, just as there was the opposite. The sale of Italian produced material that also used American products in any way was prohibited. I can mention one case: the sale of FIAT G-221 aircraft to Libya was forbidden, because they carried engines that came from the United States. Therefore, it is clear that these contacts do exist. But I do not feel like saying anything more on this point, concerning the responsibilities for these contacts. Italy, for example, has aircraft plants in association with Brazil. Brazil sells aircraft to South Africa, thus we do not appear directly but they still are Italian goods. Recently, I submitted an interrogation in the Senate, because I was told that there is production in association with Brazil by Italian companies for a new fighter aircraft (among other things, nothing is known of the design) and this makes me suspect that the association is serving as a cover for selling to third countries, so that Italy will not appear in the first person.

[Question] During your career in NATO, were you ever asked to act as an intermediary for arms sales?

[Answer] I was never asked and I shall also tell you why. I was concerned with construction of the F-204 in Europe and for that reason I often went to America to try to bring production to Europe and not the contrary. My guidelines were very clear from then on. I had a heated discussion with the Air Force staff over 12 additional aircraft that we bought, completely useless, in my opinion. Incidentally, this aircraft was built by Lockheed, a name that recalls many things! I was opposed, because we could do without them. Consequently, my position did not involve any kind of contacts.

[Question] We are exporting weapons to the Third World and to industrialized countries. Do you believe that Italy should achieve a gradual, programmed reconversion?

[Answer] I am convinced of it. However, I should not like to anticipate things on which it is inevitably necessary to study methods, forms and times. I have not made these studies. I believe, however, that a first step is a gradual move within the armament industries themselves, in order to achieve a shift of production from military to civilian. There is much talk of labor mobility. In my opinion, it is an important factor provided, however, that there is a real possibility of other employment. If, in the future, we succeed in closing down an arms plant employing

a certain number of workers, but, at the same time, have another plant ready that can employ the same number, if not a higher percentage, of workers, then the matter could be solved. It is also necessary to go from military to civilian production, because, contrary to what the Constitution prescribes, the Italian Armed Forces are always more prepared for offensive, rather than defensive, actions. The Italian people do not want war, but within NATO, especially with Reagan, the thrust is more and more toward an offensive war and we are adjusting ourselves to these dangerous American requests. No one today is proposing to shut down arms plants like Oto Melara or the United Naval Shipyards without more ado. A gradual, programmed re-conversion would create new jobs. This must always be borne in mind. With regard to the Third World countries, we must do everything possible, so that they may develop and progress. A Chinese proverb states: "If you give a fish to someone who is hungry, he eats for a day. But if you show him how to fish, he will eat for the rest of his life."

[Question] Some of your colleagues have submitted dozens of interrogations on this problem that have almost never been answered by the government. Why is there no desire to talk about arms?

[Answer] Personally, I have made interrogations on the problem of a balance between NATO and the Warsaw Pact, amply documented with official United States documents. I have never received a reply!

[Question] What is the procedure to be followed by a private company for selling arms abroad? There is the committee.

[Answer] Yes, there is an Interministerial Committee that should examine requests for granting ~~arms~~ sales permits. I have the impression, I repeat an impression, that I cannot confirm with certainty, that it has never actually functioned in earnest. It has functioned only bureaucratically. It must be pointed out that there is an international circuit that can bypass these bureaucratic channels by having what Italy produces sold, for example, to Switzerland. Just as Switzerland is aided by Italy for its products, which are guns, antiaircraft guns and small- and medium-caliber weapons.

10,042

CSO: 3104/325

TERRORIST ASYLUM FEARED IN EXTRADITION POLICY

Paris LE FIGARO in French 21 Jul 81 p 1

[Editorial by Gerard Nirascou: "Incoherence"]

[Text] The refusal to extradite the Basque terrorists, strongly reiterated by Gaston Defferre -- a refusal that resulted in the cancellation of the minister of interior's trip to Madrid -- goes far beyond the mere dispute between France and Spain. It points up a definite incoherence of the French Government with respect to security and the fight against international terrorism.

Even if it is purposely exaggerated by some, there does exist a terrorist danger in West Europe, from both the extreme left and the extreme right. The Italian, German, Irish or Spanish examples are there to prove it and the intensification of attacks, even on the Pope, now provides a disturbing dimension. It is within this context that the socialist government agrees to tolerate on national soil the presence of organized groups -- in this case, the most relentless, determined Basque militants -- which use France as a base where they can rest and plan their actions beyond the Pyrenees. This has nothing to do with the right of asylum; it is an outright perversion of it.

The French position on the Basque terrorists could be understood if Spain were still under the Franco dictatorship. But under the leadership of King Juan Carlos, the country is now among the democracies of the Western world, even if the past still weighs heavy in certain areas. By granting asylum to men who can think of nothing other than destabilizing and overturning a legally established regime, the socialist government is assuming a heavy responsibility: that of playing into the hands of the most reactionary forces beyond the Pyrenees, forces that have never accepted the process of democratization and that manifested themselves in such a lamentable fashion only recently.

This attitude is all the more serious because it risks dealing a heavy blow to police cooperation between the European countries that in recent years made it possible to obtain positive results in the fight against terrorism, particularly in France, Italy and Germany. When Francois Mitterrand, Pierre Mauroy or Gaston Defferre assert that the right to asylum is sacred and that there can be no extradition for political motives, then the Italian or German governments might well wonder about what kind of welcome the members of the Red Brigades or the Red Armed Faction might receive in France. How are these terrorists less "political" than the Basques? Like them, they fight, kill and try to overturn democratic regimes. One cannot accept one form of terrorism and reject the others.

This ambiguous and illogical position can only encourage in France itself all those who dream of an unstable situation. The arrests made at the beginning of summer in extreme leftist circles in Nord and Paris show that this is no imaginary risk.

The situation is made even more sensitive by the malaise which police are now experiencing, malaise due to the announcement of an imminent purge, the systematic questioning of the hierarchy and a redefinition of tasks which appears to be mainly political.

In a field as essential as security, the French Government seems to be "floating" dangerously, caught between the mirage of another time and an increasingly restrictive reality. Unfortunately, the Basque problem is but one example.

11,464

CSO: 3100/874

TERRORISM FROM RIGHT GROWING STRONGER

Berlin DER TAGESSPIEGEL in German 26 Jun 81 p 3

[Text] Bonn, 25 June -- "Terrorist activities on the extreme right are clearly increasing." The security authorities' opinion has been reinforced in recent days, following the arrest of the leader of the banned "Hoffmann Military Sport Group," Karl-Heinz Hoffmann, his female companion Franziska Birkmann and other extreme right-wing political sympathizers. An investigating official said: "Rightwing terrorism is arming for some spectacular act."

Lebanon has recently turned into a turnaround station and refuge for German rightwing terrorists from various groups who have gone into hiding. German security authorities noted "unusual travel activity" to the civil war torn country. At the moment about 20 Hoffmann followers are staying in training camps in Lebanon, where they are being instructed in terrorist activities.

Although the PLO officially denies any support for German terrorists, it seems certain, according to Western secret service reports and the findings of German security bureaus, that at least radical PLO subgroups accept German rightwing extremists with open arms. It is said that these Palestinian groups attribute more striking power to the German rightwing extremists than to the leftwing extremists from the fringes of the "Red Army Fraction."

Udo Albrecht, a computer programmer from Dortmund, who is suspected of participating in a number of bank robberies, is said to have completed terrorist training in a camp in Lebanon, together with several of his political sympathizers. The former lawyer Manfred Roehder, whose "German Action Groups" perpetrated several murders and bomb attacks on homes for foreigners in the FRG, is said to have found a hiding place in Teheran when fleeing German police and to have made contact on this occasion with PLO representatives.

Last fall, Oedfried Hepp, founder of the "Black Forest Militant Unit," escaped to Lebanon with three of his followers. When he was supposed to make a rush with a PLO squad during an attack on the Christian quarter of Beirut, he suddenly lost his taste for serious wargames. Afterwards, the Palestinian organization, which considered itself cheated out of the Germans' restitution for the shelter they had received, imprisoned them temporarily. After his return from Lebanon Hepp was jailed on suspicion of belonging to a criminal organization. The federal prosecutor refused to comment on reports that Hepp is the chief witness in the proceedings against Hoffmann, the leader of the Sport Group.

Hoffmann had organized a lucrative business with Lebanon after the banning of his group in January of last year. His men took discarded trucks, originating in part from Bundeswehr fleets, to the PLO in Lebanon. According to secret service reports, Hoffmann tried to unite the followers of various neo-Nazi groups who had dropped out of sight in Lebanon in a new organization under his leadership. Shortly before his departure for Beirut, Hoffmann was arrested at Frankfurt airport on Tuesday of last week on suspicion of forming a terrorist organization.

An expert on constitutional protection explained the collaboration between leftwing PLO groups and German rightwing extremists: "The common basis is hatred of the Jews and Israel." The authorities are proceeding on the assumption that the Palestinians demand from their extreme rightwing guests from the FRG matching services in the form of attacks on Jewish and Israeli institutions and persons. Whether the murder of Jewish publisher Shlomo Levin and his lifetime female companion Frieda Poeschke is one of these reciprocal acts, is still unclear. A pair of eyeglasses was found at the scene of the crime which belonged to Karl-Heinz Hoffmann's arrested friend, Franziska Birkmann.

The 75 extreme rightwing organizations in the FRG registered a considerable influx of members last year. According to information of the Office for the Protection of the Constitution, their membership rose within 1 year by 2,500 to 19,800. Among them are 20 groups with about 1,300 members which are prepared to commit acts of violence. The hard terrorist core is said to comprise 150 to 300 persons. The development of the banned "Hoffmann Military Sport Group" is seen as giving particular cause for concern; its 600 members can scarcely be controlled by the authorities following the ban.

The tendency to conspirative behavior has also risen in other rightwing groups. Massive acquisitions of weapons have been observed for months. On 24 December last year the German rightwing extremist Frank Schubert, who was attempting to bring weapons from Switzerland into the FRG, shot and killed two Swiss frontier guards. Schubert had contacts with the Hoffmann group. During a search of Schloss Ermreuth near Forchheim, which served as the Hoffmann group's headquarters, police discovered an explosives store this week.

9581

CSO: 3103/364

FURTHER DECLINE IN ECONOMY, EMPLOYMENT FORESEEN BY KIEL

Frankfurt FRANKFURTER RUNDSCHAU in German 26 Jun 81 p 5

[Article by jk and rtr: "According to Kiel Institute Economic Recovery Still Elusive"]

[Text] Frankfurt--The Institute for World Economy at the University of Kiel, which in the past has almost always been quite accurate in its predictions of economic developments, is expecting a continuing downward trend that will last into next year. In its semiannual publication a decline is predicted for 1981 that will amount to approximately 2 percent of the real gross national product. Because to date there has been no fundamental new orientation in the economic policy and because inflationary warnings may prove to be overstated, Kiel's researchers--in striking contrast to expectations entertained by Bonn and the Bundesbank--fear that a "drastic economic decline" will occur this summer. Based on this prediction, they feel that it is doubtful that next year will see an increase in the gross national product. In their opinion a stagnation will probably set in, keeping the gross national product at the reduced level of 1981.

If these predictions were to come true, drastic effects on the labor market would be unavoidable. Last but not least, because of an additional increase in the number of persons joining the labor force, unemployment will exceed the 1.5 million mark by the end of 1981. According to the Kiel investigation, next year's average would even reach 1.7 million unemployed persons. Currently 1.1 million men and women are without jobs.

In its analysis of the causes for this terrible prediction concerning the economic development, the institute is hurling accusations in all directions. Economic and wage policies did not react appropriately to worldwide economic challenges. Instead of increasing productivity stimulants, promoting risk taking and reducing investment restrictions, the economic policy prevented a suitable "adaptation of existing price relations to the market." The wage policy did not take into account a reduction in distribution possibilities as a result of price increases for imports which were out of proportion when compared to export prices. The institute warns that it will be at the expense of growth and employment for some time to come. Finally, even the Bundesbank does not escape criticism. Its monetary policy contributed to a decline in investments. Consequently, on the domestic front the economy will continue its downward slide.

With respect to the planned consolidation of state finances, Kiel researchers are pleading for a removal of subsidies and state transfer payments. Such efforts should not be taboo and be called "social dismantling," because they are necessary to achieve a medium-term growth in production, without which it would not be possible to secure the social net.

Munich--IFO President Karl Heinrich Oppenlaender is also of the opinion that recessive tendencies will keep the upper hand into next year. During the annual meeting of this institute, however, he figured that the expected gross national product for 1981 will show a decline of "only" 1 percent. Gloomy as well--although not quite as gloomy as Kiel's prediction--is his assessment of the development on the labor market. He figures that there will be 1.35 million unemployed persons by the end of the year.

Prospects for prices were not rosy either. The stubbornness of the devaluation of the German mark had led to a sharp increase in prices for imports, which should set the price climate for the entire year. In Oppenlaender's view, the rate of inflation will come down only slowly from a current 5.6 percent, relatively high for German circumstances, since no real relief is expected in labor costs per unit. As far as the balance of payments is concerned, it is not expected that last year's deficit of DM 29 billion can be reduced.

In view of this overall situation, Oppenlaender advocated an economic policy that will restore confidence in productivity. In this connection, the much-maligned monetary policy of the Bundesbank was inevitable, and in connection with the announced desire for a consolidation of financial policies it would regain territory that had been lost in the area of international credibility.

8991

CSO: 3103/361

BUDGET CONCERNS THREATEN LABOR UNION, SPD TIES

Bonn VORWAERTS in German 25 Jun 81 p 9

[Article by Peter Seideneck: "Old Love in Danger of Growing Cold"]

[Text] Irritations are entering the tradition-rich relationship between Social Democracy and labor unions: The employees' Association fears that the costs of balancing the FRG budget may have to be borne by the little people.

The relationship between German Social Democrats and the labor unions is facing an extraordinary test. Signs are multiplying that the truce between the government and the unions will not hold much longer. The German Labor Union Federation is recalling its representative from the Austerity Commission of the Ministry for Labor (Bodenbender Commission) and is thus withholding union approval from the government's austerity efforts in social outlays.

The federal executive committee of the German Labor Union Federation is demanding a comprehensive state program to fight unemployment and an active state role in structural policies. Union displeasure is growing about retrogression in matters concerning codetermination. In the meantime there are worlds between Federal Government policies and labor union views. And finally: Nobody knows now how much pressure will be exerted by the rank and file on moderate labor union wage-rate policies if the rate of price increases is considerably higher by the end of the year than negotiated settlements that were agreed upon in spring of this year.

The differences between government policies and labor union concepts cannot permanently be blamed on the liberal faction and its negative effect on the public. It was clear from the very beginning that liberal ideas of a social state and economic policies would leave the relationship between the government and labor unions tarnished only under conditions of an economic boom that would stand up to close scrutiny. Increasingly, however, labor unions are asking themselves who is the majority party in the coalition and whether the Social Democratic segment of the Federal Government is primarily concerned with self-preservation rather than creative policies.

Riedl's Hammock

After all, labor unions are facing the basic question whether the Social Democratic approach of dealing with successive crises will be successful or not; the concern is that it should not be at the expense of the working population who are already bearing a heavy burden. The current debate, also initiated by the Social Democrats,

on the "abuse" of social services by workers is a remarkable feat of conservative-liberal elements within the FRG. Because, whoever gives in to the pressure produced by this argumentation creates the impression that the social net had become too tight and that breaking it up here and there would probably restore the necessary funds to the federal treasury.

Distributing the debt by blaming the workers will make the workers feel insecure and make the labor unions suspicious. After all, in spite of the realization that a solution must be found to the lingering budget problems: A reduction in social services would be a declaration of war against the labor unions and a further denial of the seriousness of Social Democratic reform policies. The present discussion about the alleged abuse of the social security system--without noticeable disagreement on the part of CDU social committees, austerity commissioners of the opposition are calling this system a "hammock" that is used by notorious protesters who like nothing better than putting it up in Mallorca (according to Riedl, Bundestag member and president of the TSV 1860 Munich, which has accumulated a mountain of debts that is so large that the deficit of the federal budget looks like the contents of a poorly filled collection plate)--is viewed by labor unions, probably with good reason, as a psychological preparation for considerable cuts in the social budget.

The effects on the relationship between the government and labor unions that are the result of this situation will become more and more unmanageable. And it will get worse: There will be a visible effect on the relationship with the Social Democratic Party.

Only After 'Clinentele?'

With justification and not to the detriment of the Unity Labor Union, Social Democracy can consider itself a natural partner of labor unions. But more and more the party of the government and the people developed a habit of looking at workers as an "electoral clientele." The result is a love growing cold. The Working Group for Worker Problems--at times it may appear to be a somewhat strange product of a party--which represents the good traditions of the democratic German labor movement better than any other group, has not assumed the role or provided the influence necessary for establishing a firm bond when it comes to the relationship between the party and the labor unions although the SPD has been in power. A look at the foundation of the party provides an adequate answer: Aside from a few strongholds, Social Democratic unionists are no longer able to exert an influence on the party through the Working Group for Worker Problems that might be lasting and in keeping with the program and origin of Social Democracy.

Furthermore, among the working youth, "negative report" is a term which for some time has been the prevailing expression on the agenda. The only hope left is that the party will refrain from joining in the embarrassing talk by some prominent personalities who think that they can "get a handle on" the problems that concern the youth by carrying on a sham dialog with handpicked youth functionaries. This approach will not meet with easy success among young workers.

A change in generation is becoming apparent in the labor unions, the effects of which could also be felt with respect to the relationship between the party and labor unions. Increasingly tendencies are spreading that aim at secretly introducing an alienation process between the two organizations. A few precursors of the Left who in reality are non-Social Democratic are using the expressions "autonomy" and "independence" to undermine the principles of the historically irreversible alliance between the Social Democracy and the Unity Labor Union.

Occasionally the party itself is providing protective ammunition against such efforts that are not always fruitless. It will have to consider a fundamental change of course in support of labor unions that is not dominated by daily affairs before the labor unions will turn away. Only then the Social Democratic Party can succeed in building the necessary bridge between the new youth movements and workers.

8991

CSO: 3103/361

FRG FOREIGN CONSTRUCTION COMPENSATES DOMESTIC LAG

Duesseldorf WIRTSCHAFTSWOCHE in German 10 Jul 81 pp 60-61

/Text/ The leading firms of the German construction industry earned more money than ever last year. 1981 is expected to be even more profitable. Foreign business once again turned out to be particularly rewarding.

Hermann Cobet was reluctant to talk. The finance director of Essen's Hochtief AG said he could not disclose profits for 1980. Cobet was much less coy in 1979. That time he quoted the profit per share as DM59 per DM50 share (according to the formula worked out by the German Federation for Financial Analysis and Investment Counseling (DVFA). When computing profits, the DVFA method tries to take into account extraordinary and nonrecurrent as well as disposition-related expenses and earnings in addition to the published annual profit, in order to describe the real situation of the respective firm.

Last year the Essen company raised its construction output by 21 percent to DM6.1 billion. Asked for the corresponding 1980 value of Hochtief Cobet pointed out that the DVFA formula was "disputed." The profit shown for his firm by this method would paint too rosy a picture and be liable to "give rise to many misunderstandings."

The Duesseldorf HANDELSBLATT estimates 1980 Hochtief profits as about DM100 per share. The Frankfurt BOERSEN-ZEITUNG simply takes the published annual profit of DM124 million--284 percent more than in the previous year--and therefrom computes a value of DM88.60 on the old capital stock (DM70 million). The profit calculated on the basis of the increased and fully dividend carrying capital is still a respectable DM52 per share. That is the best result published by the firm in its more than 100 years of operations.

Hochtief competitors also have good reason to be satisfied with 1980 profits. For the Frankfurt firm Philipp Holzmann AG 1980 yielded "the best result ever," to quote finance director Gerhard Keil. At an annual output of just under DM6.3 billion (plus 9 percent), his firm's annual profits were only DM40 million, but Keil was not willing to disclose the profit per share according to the DVFA formula. As last year he referred to correlation problems with regard to buildings not yet invoiced. And again as last year he cited the example of Beton- und Monierbau AG (BuM): That construction giant, now collapsed, had sailed into bankruptcy after using the disputed method to show large profits.

Hochtief and Holzmann are not the only major firms of the German construction industry to earn so much money in 1980 that all their reserve with respect to the interpretation of the balance sheet is barely enough to veil their overflowing treasuries. At a construction output of DM2.2 billion the Munich Dyckerhoff and Widmann (Dywidag) construction corporation achieved an annual profit amounting to more than DM11 million and will make its stockholders happy with a dividend increased from DM6 to DM8 per share (plus DM4.50 tax credit). The stockholders of the Mannheim Bilfinger and Berger Bauaktiengesellschaft, though satisfied with their firm's earnings--DM2.4 billion construction output, DM16 million annual profit--objected strenuously to the proposed dividend payout of only DM10 per DM50 share (plus DM5.62 tax credit).

These and other construction corporations with glittering 1980 earnings have one thing in common: They boast large foreign operations and earn most of their money abroad. Last year the German construction industry obtained foreign orders in the amount of more than DM10 billion, a third more than in 1979. In the first half of 1980 orders had come in quite slowly. However, contracts began to rain down when the rising dollar exchange rate improved the competitiveness of the Germans by comparison with other bidders, and when--in addition--the renewed rise in oil prices stimulated orders from the OPEC countries in particular.

Saudi Arabia is losing much of its importance for the Germans. Only a tenth of the DM5.3 billion orders booked in the first 5 months of this year from abroad were accounted for by the Arab kingdom. In 1980 its share still amounted to 40 percent, in 1978 to as much as 83 percent. This is due not only to the stiff competition of the Koreans and other low bidders but also--at least according to Holzmann chief Becker--to Saudi annoyance about the FRG's refusal to supply some weapons. Becker reports that "we note a reserve which was not present in former times." By now Iraq looks very likely to take over the role abandoned by the Saudis. At DM3.3 billion more than half the orders so far received in 1981 came from Baghdad. Not all German firms profit. Holzmann's Becker regrets that "we are not represented in Iraq." On the other hand its competitor Hochtief is fully involved. Early this year the Essen firm became the main contractor for the construction of the Mosul Dam in the Tigris valley and was also engaged to construct three hydroelectric power plants.

Bilfinger and Berger recorded one of the most interesting developments. In 1980 the firm received foreign orders in the amount of DM4.7 billion, surpassing the previous year's value by a full 230 percent. For many years Bilfinger concentrated on OPEC member Nigeria (which turned out to be the nemesis of BuM). Nigeria accounts for almost 50 percent of Bilfinger's order stock--which exceeded DM5 billion at the beginning of the year. Next is Libya.

None of this prevents the firm from increasing its operations in another field of action of the German construction industry: The United States. By now Bilfinger has raised to 75 percent its investment in the formerly 50 percent owned Fru-Con Corporation of St. Louis. Holzmann already reports first successes in its efforts to get Central and South American business for its U.S. subsidiary J.A. Jones Construction Company (acquired 2 years ago), the largest U.S. company actually executing constructions. Albeit in partnership, it obtained a \$25 billion order from the Dominican Republic.

The leaders of the German construction industry are turning toward foreign customers even more than in the past. Though domestic order stocks guarantee adequate business in 1981, in Holzmann chief Becker's words 1982 is expected to be a "depression as profound as the Grand Canyon." Holzmann is actually disinclined to involve itself in the increased struggle for the steadily scarcer domestic orders. Foreign business permits it to turn down orders which seem unlikely to yield the expected 6-8 percent rate of price increases. However, Holzmann does not plan to retire from domestic business altogether. Holzmann board chairman Wilfried Krabbe says: "We need domestic business to further develop our know how and for training purposes." And in order profitably to invest its liquid resources Holzmann has acquired a minority holding in competitor Dywidag.

11698

CSO: 3103/386

FEDERAL REGIONAL COMPROMISE REACHED ON COLLEGE FUNDING

Duesseldorf WIRTSCHAFTSWOCHE in German 17 Jul 81 pp 14-15

/Text/ The dispute between the Federal Government and the Laender regarding the funding of college construction has been settled--but only apparently. More conflicts involving billions are already programmed.

Rhineland-Palatinate Minister President Bernhard Vogel (CDU) was not particularly enthusiastic about the success scored by the federal Laender: "The Laender approved the compromise with a heavy heart," he said after the latest Bundesrat meeting. Vogel's displeasure is quite comprehensible.

In fact this year both the Federal Government and the Laender should be satisfied as regards college construction. The Federal Government finished the 1981 budget, and the Laender will get DM880 million (instead of the planned DM680 million) as the Federal Government's 50 percent share in college construction.

However, the mere fact that--despite the Federal Government's concessions--Bavaria insists on pursuing its constitutional court action indicates the Laender's apprehensions about future difficulties. The Bavarian constitutional court action aims to finally settle the question whether the Federal Government has the power to compel the Laender to cut spending on college construction. The disputes of the past days are no more than a foretaste of the misfortunes university chancellors will have to confront in future years: Cuts running into the billions.

Searching for possible savings Federal Finance Minister Hans Matthoefer discovered indications of serious mistakes in the estimates of the educational planners. The minister's long-range goal is to cut annual spending on college construction from the recent average of DM2 billion to DM1.5 billion. Absolute priority is to be given to student places and measures likely to increase employment.

After having been wheedled along for years by the somewhat tricky figures of the educationalists, the Laender ministers also have begun to review university planning, especially in view of their equally unfortunate financial situation. Rhineland-Palatinate State Minister Johann Wilhelm Gaddum said in the Bundesrat: "Evidently former plans were unduly ambitious."

In January last the science council sounded a warning note: When the next college planning outline was discussed it was noted that only DM603 million had been

earmarked for new student admissions of the DM2.9 billion appropriated for construction projects in 1981. DM962 million are to be allocated to university hospitals--without any real effect on student intake--, the remainder will mainly go toward the infrastructure (cafeterias, libraries, sports fields) and (DM138 million) toward the replacement of research buildings.

The same development is even more noticeable when we consider the total volume of the current outline plan: The science council estimated DM22.9 billion as the financial needs of the coming years within the scope of the "community task university construction." Only DM5 billion are to provide new student places.

At last week's conference in the Berlin Reichstag building the science council confessed that "the expansion of capacities has been in the foreground of public interest. This has resulted in the widespread belief that the community task is primarily targeted to the expansion of capacities." The experts themselves did a good deal to contribute to this "widespread belief" by their erroneous forecasts. Last week they admitted: "This estimate does not agree with the actual investment procedure."

The Federal Government and the Laender are therefore confronted with the fact that, to meet the target of 850,000 student places (130,000 more than now), almost as much will have to be spent in the coming years than in the past 10 years: From 1970 to 1980 the Federal Government and the Laender have contributed DM26.5 billion to the expansion of the universities, raising the incidence of student places from 470,000 to 720,000.

Though the Laender consider the outline planning to represent an obligation, the Federal Government's 1981 financial report states: "The statements of the medium-term financial outline cannot be assumed to be a promise of funding for the...requirement introduced; they are rather a plausibility estimate for the realizability of the total educational plan." To this must be added the imponderables which make all planning appear a game with numbers without any solid basis.

In 1978 and 1979, for example, there was such a thing as a "building asset evaluation" at the universities. The aim: To discover the correct space relating to student places. To take an example: Public sports fields had been considered "main use area" when calculating student places. In the opinion of the college planners, though, this provides a wrong image of the actual number of student places. The result of recomputation: Though in both years DM1.9 billion respectively were allocated to the expansion of the universities, actual student places declined from 737,000 (1978) to 717,000 (1979). As, however, the Laender claimed to have created 30,000-40,000 new student places by way of expansion, 50,000-60,000 student places disappeared from the statistics.

Hamburg economics professor Wilhelm Strobel has long suspected that something is badly amiss as regards the student figures. In WIRTSCHAFTSWOCHE (44/1980) he proposed that "card index ghosts, doubled-faced images and wastage" seemed to have resulted in statistics showing 150,000 more students than actually existed. At the time Strobel was violently assailed by the universities--much concerned about their assets.

In any case overcrowding in institutes of higher education seems far less prevalent than often claimed. The Rhineland-Palatinate Land Audit Office, for instance, noted in early 1981 that "for many students the duration of university studies is inordinately long." It cites the example of Mainz: 22 percent of students changed their major after the fourth semester. Among a total of 21,773 students (1979/1980) 4,995 were in the 15th or higher semester (77 in their 36th-55th semester!). "Moreover," the auditors continued, "many students were registered, who were already practicing a profession." It is well known that older students rarely turn up at lectures: They prefer the rocking chair at home to their seat in the auditorium.

According to Dieter Swatek, competent section chief in the Federal Ministry for Education, nearly all past forecasts regarding future college entrants, "the basis for capacity planning as well as college construction planning"--were quite badly out. Land education ministers, in particular, seem often to have mistaken the wish to boast ultra modern hospitals and magnificent buildings for genuine expectations of a vast student influx.

As late as 1974 the estimates for 1980 missed the target by 50 percent: Instead of the expected 174,000 freshmen the universities admitted only 126,000.

11698

CSO: 3103/386

MINISTER JOBERT CALLS FOR 'REFORM OF MONETARY SYSTEM'

Paris LE NOUVEL ECONOMISTE in French 20 Jul 81 pp 28-29

[Interview with Michel Jobert, minister of foreign trade, date and place not given]

[Text] [Question] Mr Minister, what is your analysis of France's foreign trade situation? The latest statistics have not been overwhelmingly favorable.

[Answer] Durable, long-term actions make up the foreign trade of a country. Statistical results express the effects of a policy or behaviour, or of endemic weaknesses. By paying attention to these results, we can sound the alarm and denounce the wolves at our doors. And we can also recommend measures that are likely to turn the situation around. But we must know who the wolves are. Statistics show that the real danger is not from so-called unofficial exports from developing countries, even if they do affect certain products. What is really disconcerting is seeing that France, a highly industrialized country, is threatened in its chosen field: trade with the six other highly industrialized countries who will be meeting in Ottawa. My worry is our trade deficit with Germany, the United States, and Japan.

[Question] The deficit with these three countries is often explained by pointing to the various trade barriers that they have established which block French products.

[Answer] Even if this is partially true, recrimination would not be a satisfactory answer. Before examining the situation our trade partners have put us in or analyzing their methods of defending or attacking, we must first make a lucid effort to analyze the reasons for our own insufficiency. On our part, a certain indolence will have to end. It would only persist if we resolutely implemented protectionist measures. This is obviously not what the government wants to do. Consequently, we must confront the real problems, the first of which is our deficit with Germany, our nearest, most open market, having a system which is one of the most similar to our own. It is true that monetary conditions today favor the German industrialists and do not favor us. This is an additional reason for showing more stubbornness and inventiveness in making the industrialists aware of the necessity of being more alert as soon as they are less competitive.

[Question] Have we not gotten off to an even worse start in our trade with the Japanese?

[Answer] We actually never even got started with Japan. Gaining access to a Japanese market, which is really quite difficult, was not among the French industrialists' priorities. However, it will become one of our priorities because Japan has shaken their complacency. If we make the effort to be interested in Japan, then we have

every reason both to admonish and propose. The visit of the Japanese prime minister, Zenko Suzuki, resulted in the creation of a commission of Franco-Japanese specialists, which is designed to make plans and proposals. Following Mr Suzuki's example, this joint study should take place in the framework of trade improvements and not trade restrictions. Why not?

[Question] France's problems are occurring within the context of a general slowdown in world trade. How do you think this crisis can be solved?

[Answer] Monetary disorder is the main cause of the economic disorder. The current debate on American interest rates is secondary compared to the real problem: a durable, tenacious inflation resulting from the creation of an international currency which was not pegged to work on income. It would be disappointing at Ottawa if the Europeans are satisfied with complaining about American interest rates, because in fact the world can no longer live with an unrestrained mass of floating capital amounting to \$1,000 billion. The international monetary system must now be reformed and a co-responsibility among nations must be established. This implies a revision of the operational rules of the International Monetary Fund--the nations which now hold all the power must share this with other countries, whether financially strong or not.

[Question] Couldn't the monetary system be improved before reforming the IMF?

[Answer] The seven largest monetary powers in the world, which are--is this coincidental?--the seven major industrial powers, must agree to the gradual reabsorption of this floating mass of "counterfeit money." The United States is powerful enough to refuse. It thus falls upon the six other countries meeting in Ottawa--although Japan seems hardly favorable--to take measures to stop the proliferation of floating capital. Currency belongs to the world of symbols. Even if, in the beginning, we just nibbled away \$50 billion of this unclaimed mass, it would cause a shock. There have been eight major monetary conferences in the last 7 years! Not once did the major nations dare to shoulder their real responsibilities. Even if the final communique from Ottawa just alluded to this, it would be a big step forward.

9720

CSO: 3100/861

ECONOMIC COUNCIL: EIGHT PROPOSALS FOR FRANCE

Paris LE MATIN in French 4-5 Jul 81 p 5

[Text] In his report to the Assembly, Jacques Meraud emphasized a concerted European resurgence.

How can the French economy be pulled out of the doldrums? At the lowest point in the crisis, and at the moment that the government's experts recognize that growth will not exceed .5 percent this year, the report that will be made next week by the Economic and Social Council contains some interesting proposals.

Representing the section on general economic problems and trade prospects, Jacques Meraud first suggests attenuating the shock which the brutal rise in interest rates inflicts on the treasuries of business enterprises. In this regard, he proposes activating, as soon as possible, the process leading to the discarding of the rule allowing a one-month lag in value-added tax matters. This measure is obviously not in step with the number one priority of the moment: unemployment. From this point of view, the Council emphasizes that the reduction and management of work time can be regarded neither as something to be feared nor as a panacea. There is only one thing to worry about: avoid a rise in production costs which would bring about an excessive rise in French selling prices and, as a result, a lessening of competitiveness which would in time rebound to the detriment of employment and the standard of living of the workers themselves. The Council therefore recommends, concurrently with the reduction of working time, a better utilization of plant and equipment. This calls for step by step solutions, contractually worked out according to the division and the business involved.

In this connection, part-time work is considered a good way to rectify the errors of too general or uniform a reduction of working time.

At the moment that the idea of two million unemployed in the fall is unfortunately gaining some credibility, the reduction of work time appears to be only a partial solution. What is required, writes Jacques Meraud in his draft report, is to fan the flames of growth. However, it is imperative that this invigorated expansion not run into "bottlenecks."

One such bottleneck comes from the imbalance of supply and demand in employment. The Council therefore suggests linking unemployment compensation and training activities as much as possible. But it also advocates greater geographic mobility, which

should be encouraged by "easy payment terms for housing." The report likewise contains recommendations intended to "clear away the obstacles to hiring which may result from legislation," as well as the examination of possible ways to transfer certain social costs.

The fourth proposal is to support interior demand by a larger and acknowledged budget deficit. This is, incidentally, what the public authorities want. But be careful! Granted that a deficit, financed by monetary methods, may be advisable in a recession period, it must stay within certain limits. And it "must stop being covered by monetary means as soon as a true business recovery gets underway."

Increasing the buying power of the lowest wages (in the context of "controlling price and profit trends") and stimulating investment (by strongly encouraging savings and selective support measures) are remedies which are too "standard" to waste any time on. It would be much better to insist on the idea of a "concerted" European resurgence, with the emphasis on an organized reaction against excessive competition... or the discreet protectionism of certain countries and on seeking an agreement to recycle "petrodollars" with the United States. In the context of the interest rate war that we have been experiencing for the last 6 months, and in view of the aggressiveness of the Japanese for whom the Western countries have been footing the bill for 2 years, this last suggestion is one of the most interesting.

9816

CSO: 3100/841

EEC ACCESSION, STATUS OF BANKS DISCUSSED

Athens EPIKAIRA in Greek 9-15 Jul 81 p 19

[Article by Ap. Strongylis: "The Lifting of Barriers in Inter-Banking Competition"]

[Text] In a statement it filed with EEC, the government said that the Agricultural Bank of Greece [ATE] and the National Land Bank [EKTE] will maintain their present status until 1982. Therefore, these two banks will not be subject to the EEC 780/77 directive which lifts all barriers in inter-banking competition thus allowing no bank to have special privileges. In other words, all banks should grant agricultural and housing credits and not just a few such as ATE and EKTE.

The coordination minister explained that the government's intention is a) to extend "the right to grant agricultural and housing loans" to all banks, and b) to expand ATE's activities to more sectors. However, since the plan to reform ATE with the participation of cooperatives is still under study as is also the extension of granting housing credits, the government asked that the aforementioned two banks be exempted from the EEC directive.

The opposition parties (PASOK, Party of Democratic Socialism, etc.) and the trade union of bank employees had asked for such statement to be filed with EEC (something Greece had the right to do until 30 June) so that the Greek banking system could have fuller protection. According to EEC regulations Greece had the right to ask by 30 June (unilaterally) a 12-year government control over the establishment of [foreign] banks or bank branches in Greece "in order" (as I. Pasmazoglou said in a statement) "to safeguard the Greek character of the banking system and the period, the necessary period, for transition."

Besides the request for exemption of ATE and EKTE from the EEC directive, a provision was made (at the time of accession) for a 5 to 8-year transitional adjustment of five credit institutions: ETVA, Savings and Loan Fund, Mortgage Bank, Greek Exports Corp. and the Post Office Savings Bank.

These exceptions, however, are not considered satisfactory and in a public statement, major opposition leader Papandreou asked the government to make use of the EEC 780/77 directive and to announce in Brussels the implementation of exceptions in the establishment of foreign banks [in Greece] thus extending government control [over them]. This was not done.

"Open Door" Policy

In the opinion of the minister of coordination, the threat of invasion by foreign banks--which directive 780/77 is ostensibly facilitating--is groundless and the fuss around it unnecessary because no Greek bank is threatened by foreign banks. For years now, the government has followed the "open door" policy as concerns the establishment of foreign banks and considers their presence advantageous because they place at the disposal of the economy abundant financing resources and strengthen competition. One could counter such views with the following:

1. The "open door" policy must have its limits. The presence of foreign banks is one thing, but it is another thing to turn down the possibility of continuing (for as long as the EEC regulations allow) the government controls as other strong and big countries still do.
2. The foreign banks in Greece do not bring "abundant capital (on the contrary, sometimes they do not bring even the anticipated capital). They undertake only selective transactions and allow the Greek banks the time consuming services while refusing to accept Greek depositors with limited possibilities.
3. Their branches increase disproportionately (compared to big countries) and are already controlling a percentage of deposits (and of credits, therefore) 0 times greater than in other countries such as in France.

Pasmazoglou observes that "the modernization of banking methods and the improvement of banking services should and must be achieved in our country. The solution, however, is not in the uncontrolled foreign competition but in the reorganization of the banking institutions with the participation of the bank employees within a reasonable transitional period."

To be frank, however, it is not permissible to safeguard interests by "national control" at the expense of clients of Greek banks. Correctly has the Currency Committee ruled recently that for special time deposits the interest rates should be agreed upon freely between the banks and the depositors provided such rates are no lower than 16 percent and no greater than 20 percent. The Union of Greek Banks, however, has issued a statement informing the public about the extant interest rates for special time deposits. Thus:

- a. For a deposit of 500,000 drachmas the depositor will receive 80,000 drachmas annually (16 percent interest rate).
- b. For a deposit of 1 million drachmas he will receive 80,000 drachmas for the first 500,000 drachmas and 85,000 drachmas more for the remaining 50,000 drachmas.
- c. For a deposit of 3 million drachmas he will receive 80,000 for the first 500,000 drachmas, 85,000 for the other 500,000 drachmas and 380,000 for the remainder 2 million drachmas (19 percent on the 2 million).
- d. For a deposit greater than 3 million drachmas the interest rate (for amounts over 3 million) is 20 percent [in addition to 80,000+85,000+380,000 drachmas].

In other words, the interests to be paid depend on an agreement between the banks within the 16-20 percent framework instead of free negotiations between bank and client. Our banks should not complain if the foreign banks offer a more favorable interest rate (always within the 16-20 percent framework) in order to win them over. Protection does not mean [bank] "trust formation."

WORK ON ATHENS SUBWAY EXTENSION BEGINS

Athens I VRADYMI in Greek 9 Jul 81 p 6

[Text] The Athens Metro [subway] project was inaugurated this morning as work started on the construction of three pilot tunnels for the Sepolia-Daphne B line (high priority). The excavations began simultaneously at three points: the Zappeion area, the intersection of Vas. Olga and Vas. Amalias Streets near Fix [plant] at the Stroganov and Kallirois Streets and at Sepolia at the Panourgia and Avlonos Streets. Already the Metro authorities in cooperation with the Athens Traffic Bureau and SEKNA [expansion unknown] have taken all steps to reduce to the minimum the traffic inconveniences and difficulties which inevitably will arise during the excavations for the tunnels. Thus:

- a. The excavations will be done only on weekends when traffic is light.
- b. No traffic lanes will be closed but the drivers will be advised by traffic police and by radio of detour streets for their convenience. The media will inform the public continuously as long as the work on the project lasts.
- c. The traffic signs and lights are being relocated at the three points.
- d. Special signs are being put up for alternate pedestrian walkways.

These traffic arrangements are made mainly in the Zappeion area where the daily traffic is heaviest (90,000 cars).

[Minister] Panagiotopoulos

On the occasion of the project's inauguration, a press conference was held at the Athens-Piraeus Electric Railways [ISAP] headquarters. Present were Communications Minister G. Panagiotopoulos, Metro Director N. Damaas, ISAP Administrative Council K. Gounaris and representatives of the Athens Traffic Division. Speaking on the project's importance Panagiotopoulos pointed out that the construction of the pilot tunnels will provide information about the Athens subsoil and constitutes the first step toward Metro's completion. He also said that:

- a. The Metro Service has received from a French consortium the feasibility study for line B and soon will receive the one for the Agaleo-Geraka line A.

b. Within 1982 the public utilities' network will be relocated wherever necessary along line B thus facilitating construction. Also certain expropriations will be made.

c. Construction of (civil engineering) projects for line B will start in 1983 and are expected to be completed by the end of 1985 when the line will have its trial runs.

Time Delays

The minister pointed out that the project is immense and despite the difficulties encountered during the process of finalizing the plans the announced timetable is maintained with small delays. With regard to these delays on which a section of the press commented widely, Damas pointed out that there was a delay of about 25 months which, however, proved profitable since it led to the qualitative as well as to the financial aspect of the project by about 2 billion drachmas. Specifically, the feasibility study for line B was assigned to the French experts on 23 August 1977 with a 24-month deadline for its delivery and finalization. But the decision to extend the line by about 10 kilometers (from 18 to 28) taken in the meantime at a meeting chaired by the then Premier Karamanlis created new time consuming delays. Also much time was lost in the efforts to find an alternate solution to certain construction problems as well as for the comprehensive examination of the whole feasibility study which caused a delay of 26 months. It should be pointed out, moreover, that all this work was done while the Metro Service was not sufficiently manned and had inherent difficulties.

Line B

When it starts operating early in 1986 the line will accommodate about 20,000 passengers at peak hours. Along its length will be 12 stations at distances of 594 to 1,032 meters apart. The stations will be at these points: Sepolia, Attiki (with connection to ISAP), Larisa, Deligianni, Omonoia (with connection to ISAP), Akadimia, Syndagma (connection with line A), Olympeion, N. Kosmos, Analatos, Agios Ioannis, Dafni. The stations will be attractive. A fashionable shopping center is planned at the Syndagma station and an upper level for the Akadimia station with boutiques, etc.

Line B will be served by 16 trains each with 6 cars. The trains will be arriving at the stations every 3 minutes. The length of each car will be 17.3 meters, the width 2.6 and the height 2.47 meters. Each will have 32 to 40 seats and standing space for 130 to 132 persons and for 182 to 185 persons at full capacity. The cars will have 4 doors on each side and the speed of the train will be about 30 kilometers per hour. The tunnels will be horseshoe shaped or frame-arched. They will have a double rail line and will be 5.4 meters high.

The total length of the line including the underground sections will be 10,119 meters. The line for passenger use will be 8,689 meters long. It should be noted that 68 percent of the line will be underground and the rest above ground (corresponding cost 81 percent). It is expected that the total cost of line B (in 1980 prices) will be 24.1 billion drachmas while the whole Metro project will cost about 52 billion drachmas.

French Experts

Referring to reports that the French experts are "leaving displeased," Damas said that the French assumed only the feasibility study and not the construction of the project which was assumed by the Metro Service itself. The Metro Service is responsible for assigning the construction of sections of the project to Greek companies which have expertise in this type of work (this category includes the works of civil engineering which represent 55 percent of the total cost). Foreign experts will be asked to assist in the construction of the remaining Metro work. Through this procedure the country saves foreign exchange, gains experience, there is greater added value, etc.

Already 20 of the largest study-preparing firms in the world have submitted detailed data. Among them are the French Consortium and the firms SGTE and SOGELERG. At this time the Metro Service is busy trying to select the strategy for the construction of the project if, that is, the construction of Metro should be assigned to many contractors or to one contractor taking into consideration the advantages and disadvantages each solution presents.

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CSO: 4621/47

'I KATHIMERINI' ANALYZES STATE OF ECONOMY

Athens I KATHIMERINI in Greek 19-20 Jul 81 p 9

[Text] The effort to reactivate the Greek economy conflicts with the fear that this may intensify again the inflationary pressures. This fear about undesirable consequences does not derive from the possibility that the purchasing power of the wide public will improve to such a degree that it will cause a disequilibrium between supply and demand, leading to higher prices. It derives from the fact that the public sector of the economy with its excessive deficits does not have much room to finance the economy with the liquidity needed for the successful reactivation [of the economy]. In this manner, the realization of the plan from improving economic activity remains without result because the sums devoted to this purpose are very limited.

Construction is one illustration. This traditional "locomotive" of the Greek economic activity, with its cumulative effect on many other sectors, has stopped "moving." The continuing slowdown in housing construction (except for the construction of "unauthorized" bungalows in summer resorts, which continues without respite) was a natural consequence of the distance between the median income of those who need housing and the sum usually needed for the purchase of an average apartment. The savings allowed by this median income are entirely insufficient. If the policy to encourage construction cannot cover the deficit between the available savings and the price of housing, the construction of apartments is unthinkable since they will not find buyers! But the sums approved by the monetary authorities to cover this gap were small. Understandably the construction slump continues.

But if the substantial increase of credits in the construction sector is considered so dangerous how can the goal of "reactivation" be achieved? Especially when--and this is not inspired by any ulterior motives or spirit of opposition--businessmen refuse to make use even of interest-free funds promised by the recent law on investment incentives because they are at a loss as to what is profitable and what is not under the current economic and political conditions. And what is the practical real meaning of a slowdown in the inflation rate when this is not accompanied by a rise in the country's productive activity?

It is obvious that the economy is "at an impasse." Its release [from this condition], whatever the point of departure for the solution of the problem, requires removal or at least relaxation of domestic obstacles. The most

important of these obstacles is precisely the voluminous deficit in the public sector of the economy.

It is necessary to make at this point a clarification. The deficit in the management of the public sector (state budget, public investments, operation of public enterprises, etc.) is different from the volume of the public sector as a percentage of the total national product. In the same way the proportional expansion of public consumption and the ability to cover this consumption with healthy revenues is a development with different consequences.

Between 1961 and 1980, available data from the Bank of International Settlements reveal that public consumption in various countries--with the exception of the United States--increased by 40 percent (West Germany) to 100 percent (Sweden). The expenditures reached the point of representing from 13.9 percent of the domestic product to 20.3 percent in West Germany, and from 15.9 percent to 29.7 in Sweden. In most cases, the deficit increased side by side with the rise in public consumption (which includes social programs). The only exception was Switzerland where the surplus was increased! However, nowhere, except in the case of Italy where the related percentage was 7.9 percent in 1980, did the deficit reach unacceptable levels in relation to the national product--that is, at levels which transform the management of the public sector into the main source of inflationary developments.

In Greece the deficit from public consumption [public expenditures] is estimated to reach this year 180 billion drachmas, i.e., approximately 10 percent of the domestic product. This is the highest percentage among virtually all European countries. Its restraining effect on any effort to further increase the money supply to finance economic activity is obvious. But this means an obstacle to any effort to reactivate domestic production.

It is self-evident that any policy of "renewal" must begin from this point. That is, from a reduction of the deficit between expenditures and revenues of the public sector in the exercise of its administrative, investment and social mission. Unless this is accomplished we must forget any hopes to end the economic recession with other means, traditional or "modern." And, more important, that we will be able to close the escape routes for those colossal sums which leave no positive trace to the benefit of the economy.

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CSO: 4621/51

DRAFT LAW TO SAVE FAILING INDUSTRIES

Athens TO VIMA in Greek 18 Jul 81 p 1

/Text/ A cover report accompanying the text of a draft law the Ministry of Commerce has prepared reveals that many large enterprises (corporations) are in danger of losing their charter of incorporation because in essence they show very large liabilities and that companies listed in the Stock Exchange are also in danger of being crossed off /the Exchange Board/ since they are unable to increase their capital to at least 50 million drachmas as law 876/79 requires.

The draft law will make it possible for the enterprises in danger of losing their charter to ask for an appraisal of their true assets in order to establish their (net) status in the event their capital, less their outstanding liabilities, has dropped to less than one tenth of their capital.

Exactly because law 2190/20 on incorporations provides for the recall of the charter of a company whose capital (less liabilities) drops to less than one tenth of its capital, the Ministry of Commerce is seeking to amend, through the draft law it prepared, the relevant provision of law 2190 in order to save "a great number of viable enterprises" from losing their charters of incorporation.

The draft law provides also for the opportunity to corporations which have already lost their charters for the aforementioned reason to request a repeal of the relevant decisions and a reappraisal of their real assets.

Finally, the draft law extends to 30 June 1982 the deadline for the companies listed in the Stock Exchange to increase their capital to at least 50 million drachmas. Under law 876/79 now in force such companies must increase their capital to at least 50 million dollars by 12 March 1981.

According to the cover report attached to the draft law which provides for the extension of the deadline, a number of companies listed in the Stock Market were unable to increase their capital "because of the present economic circumstances" and are now facing the danger of being crossed off the list--an action which "would be at the expense of the stockholders and would create an insecure climate in the capital market."

ECONOMIST CILLOV DRAWS ATTENTION TO ECONOMY'S PROBLEMS

Istanbul TERCUMAN in Turkish 24 Jun 81 p 11

[Article by Dr Haluk Cillov: "Advantages and Disadvantages in the Economy"]

[Text] Although the principle of economic stabilization measures was introduced in January 1980, it is known that successful implementation came only after 12 September.

Controlling inflation, realizing the expected spurt in exports, reining in excessive wages, introducing a responsible agricultural products policy, all of these came about after that date. It may also be said that the most important source of inflation was dried up by ensuring increased budget revenues with the changes made in the tax laws.

All of these are matters of which the distinguished prime minister spoke with justifiable pride at his last press conference. We do not hesitate to say that the general outlook of the economy at present inspires confidence.

However, we think it well also to point out that certain drawbacks persist which may lead to important disadvantages.

1. The SEE's [State Economic Enterprises] still do not have a sound structure. True, we know it is not easy to eliminate suddenly this hump on the back of the economy. However, the recent Monopoly price hikes made it clear that these enterprises are not free of the tradition of operating at high cost in the goods and services they produce.

True, it was announced that a "housing fund" would be set up with the revenues which these increases bring to the Treasury. It had been said several years ago that the same sort of increase on Monopoly goods would be the source for efforts to create an "earthquake fund." As we do not know the outcome of this fund, we are afraid that the additional 237 billion liras which the Treasury will get from the recent increases will again be used to close the budget deficit.

In short, certain of the SEE's have to be put on a level of operation under productive management principles and stop being a surplus "manpower depot." Even though we understand that it is riskier to cover SEE losses through deficit financing, we would still like it to be known that the citizen does not welcome being subjected to such high price hikes and having resources poured steadily into the public sector at a time when he has become more or less accustomed to price stability.

We think it well [to say] from this standpoint that the authorities should act very carefully in this regard and that the state, with its revenues growing, should also exert some effort to cut spending.

2. Although the public enterprises always cover their losses by raising prices, it cannot be said that the private sector has this same convenience. In fact, it may come to mind that these establishments ought to sacrifice some of the high profits to which they are accustomed. And this is happening in the order of open competition which has been introduced. However, it is said that some enterprises have heavy personnel expenses today and are having to pay salaries to people for whom they have no work.

Unemployment is certainly not a desirable state of affairs. And there is wisdom in taking measures to prevent it. In fact, it must not be forgotten that paying workers who have no work to do at the enterprises both raises costs and creates bad morale among those who do work. From this standpoint, thought must be given to the regulation of labor discipline according to specific criteria and current conditions.

3. It is a fact that our exports are increasing. But as we said before, this is an artificial development realized with great difficulty. Not only have existing export formalities not been adequately cut back, but new, totally unnecessary ones are being added (such as expressing export values in Turkish liras when foreign exchange rates are changing every day!).

Furthermore, it should be known that "export mobilization" calls for participation of the public establishments also. In fact, the efforts of the esteemed minister of trade in this direction cannot be denied. But this is not enough. The state establishments have always been used to adding a surcharge to the products they sell at home, and it would be desired that they get used to a little foreign competition themselves.

In short, it is true that the Turkish economy is improving. However, the pride and confidence which this duly inspires should not crowd out the need to pay attention to certain facts and get to work on them. Indeed, this is all one could ask.

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CSO: 4654/73

FINANCIER ESTIMATES HIGH INTEREST RATES TO CONTINUE

Istanbul MILLIYET in Turkish 26 Jun 81 p 11

[Comments by Omer Goren, director of a new financial service company]

[Text] ECONOMIC SERVICE--With the "interest war" between banks and brokers and among brokers themselves in full swing, Omer Goren, director general of "Borsas Stocks and Bonds, Brokerage and Financial Investments Corporation," said, "The interest war shows that the demand for money continues and that finding money is still an important problem for all sectors." Omer Goren expressed his views on the "interest war" as follows:

Cause of Interest War

"The Turkish economy has not yet caught up with full capacity and full employment. In my opinion, all that has been done is to put a brake on inflation by repressive monetary and tax policy. To prevent inflation by restricting the money which the market desperately needs or changing its direction and by this policy alone will not reduce the demand for money, but on the contrary cause it to rise. This, however, expresses the need for savings. Indeed, this situation in the economy brings serious premiums to savers and this is where rising interest rates make a contribution to the people.

Anyone who obtains credit has to figure carefully the cost mix within net assets or capital.

The average cost of credit is as important to the person who obtains credit as how much money he has. Therefore, it is impossible for industrialists to conduct business with bank or broker credits alone. But the industrialist demands bank or broker credits in addition to the other cheap domestic and foreign credits which the state provides along with his own net capital. And this brings down the average cost of the credit which we offer and a large portion of which we pass on to the saver."

How Long Will This Interest Level Last?

Omer Goren was asked, "How much longer can the present level of interest be maintained?" He replied, "Inflation cannot be fought with monetary and tax policy alone, and these interest rates will continue until policies to increase production begin to operate," expressing his views as follows:

"Inflation cannot be fought with monetary and tax policy alone, and these interest rates will continue until policies to increase production begin to operate. Inflation is not the economy's only problem. Inflation was the primary problem of the 1970's. The 1980's are pregnant with production and employment problems. Less developed economies which need growth cannot be overly protected from inflation. Monetary and tax policies applied in this area progress along a known course to depress production and employment, and eventually inflation rises again, this time because of inadequate production. This fact, combined with unemployment, will make the solution even more costly."

What Kind of Insurance for Investors

In response to the question: "How can the investments of savings holders be safeguarded?" Borsas Director General Omer Goren gave the following answer:

"The trend to invest money or use savings will gradually require social awareness.

"In my opinion, the best security is for the society to become aware of the value of money and saving.

"The best security for the saver is still himself and his ability to choose.

"Everyone in the country now has to be knowledgeable to make the best choices.

"And this is the best security for the saver anywhere in the world."

In connection with the growing controversy among brokers lately, Omer Goren said, "Competition between brokers is an essential result of the capitalist regime; it is natural and even good. Any event which shows that competition is alive in this system strengthens the system. Brokers are the heartline of this system. They should be able to work well and in balance."

Omer Goren gave the following information on Borsas, which he heads:

"Borsas is a model in its own sector. Borsas has kept its investment options open in order to serve the saver most broadly. Bonds, certificates of deposit, common portfolio shares and money bonds are its major investment groups. There are 12 options in bond investment varying between 35 percent and 53 percent depending on the terms and payment periods (monthly, 3 months, 6 months). Yield rates on certificates of deposit are as follows:

"Paid at maturity:

"6 months, 45 percent (annual net); 12 months, 50 percent (annual net); 24 months, 55 percent (annual net)

"Paid monthly:

"6 months, 42 percent (annual net); 12 months, 43.5 percent (annual net); 24 months, 50 percent (annual net)

"Original class 2 common portfolio shares give Borsas the option of an investment which earns an annual gross rate of 67.2 percent (50.4 percent net) paid monthly and even more at maturity. Also, a new system of non-term bond investment improves earnings and convenience for the saver with money bonds which earn a net annual yield of 36.5 percent."

CONTINUED UNEMPLOYMENT FORECAST FOR NEXT 3-4 YEARS

Istanbul TERCUMAN in Turkish 20 Jun 81 p 9

[Text] ANKARA BUREAU--Despite steadily rising unemployment in Turkey, the employment problem will reportedly be with us for some time to come and we will have to "brave the difficulties" under these conditions.

According to information provided by SPO [State Planning Organization] authorities, the artificial demand created on the market in recent years has dropped somewhat as a result of the economic stabilization measures. Noting that employment could be opened up only by increased demand and stepped-up investment, the authorities felt that "the slump would continue for the moment in order to avoid sending inflation up and printing excessive amounts of money."

The SPO authorities said that the money squeeze in Turkey was caused by inadequate development of the capital market and that "in this situation, foreign capital is an essential resource for Turkey. But it is necessary to evaluate the conditions here carefully."

As for attracting foreign capital to Turkey to break the recession, the authorities said:

"Foreign capital will come to Turkey for two reasons: one is to use the domestic market and the other is to be able to export to foreign markets.

"The most important point here, however, is that foreign capital demands stability from Turkey. By stability, we mean both political and economic stability.

"The most important point here, however, is that foreign capital demands stability from Turkey. By stability, we mean both political and economic stability.

"For economic stability, it is necessary to avoid artificial money supplies and artificial printing of money, unnecessary money supplies. In this case, the growth rate will be held at around 3 percent, price and wage increases will be restrained, the excessive dipping into Central Bank funds will be avoided.

"One result of this stabilization policy will be that Turkey will have an employment problem for some time yet and, in order to end up with a healthy situation and resolve the problem at the roots, will have to bear up under it for 3 or 4 more years."

8349

CSO: 4654/73

EXPORTS SEEN AS SOLUTION TO UNEMPLOYMENT

Istanbul TERCUMAN in Turkish 22 Jun 81 p 9

[Article by Nursun Alev]

[Text] Ankara--Industry and Technology Minister Sahap Kocatopcu, in a statement to TERCUMAN, evaluated the present status of the Turkish economy and explained the measures which have to be taken.

Kocatopcu stressed that the employment problem had begun to present a threat in recent years and said, "We have to reduce the burden created by an annual population growth in excess of 1 million." Kocatopcu said the following on this topic:

"Population growth must be taken up as an important problem in Turkey. All of our savings and even foreign capital have a hard job providing us investment capital. We have to reduce the burden created by an annual population growth in excess of 1 million. From that standpoint, population planning becomes just as important as investment policy. I would like to underscore that."

New Development Strategy

Kocatopcu noted that the "employment problem could be resolved by selecting branches of industry to produce export-quality goods at low cost, using a labor intensive principle" and said, "In the months ahead, our government will be taking up a new development strategy to deal with the employment problem."

Kocatopcu said that in order to solve the problem it was necessary to move ahead with large investments in infrastructure services which use large number of workers such as dams, highways and village electrification.

What Can Be Done With 24 January Decisions

The industry and technology minister commented on the rather significant success achieved in Turkey with the 24 January decisions and said, "Citizens realized that we had to prevent waste and start saving. Inflation was recognized as a controllable danger in the country and we learned to regulate the rate of inflation. We also decided that we had to turn to exportation because of the belt-tightening policy. These are important steps."

Kocatopcu pointed out that our exports had registered tremendous development in the last quarter and said, "The greatest spurt here came in industry. Numbers talk. What had been impossible began to be possible. We said, 'What do we have that we can export?' and it turned out that we had a lot."

Problems of Expensive Money Difficulties Despite Successes

Kocatopcu pointed out that there were now certain difficulties despite the successful results achieved and continued as follows:

"The measures produced a backlash in two areas. First is the restricted money supply and the slowdown in investments as no money was left for that purpose, and second is unemployment."

Problems of Expensive Money

As to the squeeze on our industrialists vis-a-vis high credit interest, Kocatopcu said:

"It is impossible to correct the high cost of money officially. Nothing can be done through this kind of pressure; it will be balanced through supply and demand. Interest rates have to fall as demand declines. Otherwise, if the large holdings accumulated by the banks are not invested, the banks will be hurting themselves."

Preferred Stocks

Kocatopcu said that "preferred stocks" should be created to eliminate the shortage of funds in industry and expressed the following views:

"There is too much attention being paid today to the banks, brokerages and even state bonds, while interest in the stock market is practically nil. Yet where interest in the stock market is high, that nation has a flourishing economy. We will develop this, but first the Turkish Trade Law has to be amended. Then it will be possible to issue preferred stocks with a guaranteed dividend of 20 percent to 25 percent, but industry will be able to increase net assets as the stockholder will not be influential in the general organization."

Status of SEE's

Kocatopcu said that the "SEE's [State Economic Enterprises] have to make minor adjustments on their own initiative to adapt to the market." "First we will implement a specific program for the SEE's. We have chosen the Turkish Petroleum Corporation as the pilot SEE. We will evaluate the results obtained in the pilot program here and adapt it to the other SEE's," he said.

EEC and Great Voyage

The industry and technology minister summed up as follows the private sector's desire for full EEC membership:

"I fully share the private sector's courageous and challenging views. In the long run, the great majority of Turkish industry will benefit from it, even finding greater development opportunities.

"It is impossible for us to turn back from this great voyage by worrying that a few companies will be endangered. This is where Turkey's future lies."

PAPANDREOU INTERVIEW WITH 'I SIMERINI' ANALYZED

Nicosia I SIMERINI in Greek 26 Jun 81 p 3

[Interview with PASOK president Andreas Papandreou by I SIMERINI: "Mr Andreas Papandreou, Distances, Circumstances, Comparison of Forces and His Concern for Us"; date of interview not given]

[Text] From the interview which PASOK president Andreas Papandreou granted to I SIMERINI, it appears that Cyprus should not expect many things from a possible change in government in Greece after the approaching parliamentary elections. It appears from this interview that Papandreou too is not facing the Cyprus situation with the seriousness required now that he finds himself in the opposition, and naturally there is nothing to guarantee us that the situation will change in case Papandreou will be the new prime minister of Greece.

The most typical answer of Mr Papandreou is, I think, what he replies to the following question of I SIMERINI:

"If Turkey attempts a new military attack in Cyprus and you are in power, will the distance between Greece and Cyprus continue to be as great as it has been in the past?"

Well Papandreou's answer to this question is not as explicit as it should have been but is essentially an evasion.

"As far as geography is concerned," Mr Papandreou relates in his answer, "it is true that the distance between Greece and Cyprus is greater than the distance between Turkey and Cyprus."

That the distance between Greece and Cyprus is greater than the distance between Turkey and Cyprus is indeed a fact which would be difficult to dispute. Since 1964 Mr Papandreou had certainly indicated this position in reference to Cyprus' distance from Greece and Turkey. When Turkish airplanes were bombing Cyprus in August 1964, Mr Papandreou, a minister at the time, kept maintaining that owing to distance Greece could not offer us any help.

"...It was technically impossible. Cyprus was far away from the Greek air bases and our airplanes would not have had more than a two-minute flight over Cyprus.

So we would have simply provoked Turkey into taking further action without our offering substantial assistance to the Cypriot land forces." (A. Papandreou, "Democracy at Gunpoint," p 136.)

Since August 1964 the distance between Cyprus and Greece has not diminished, and it will remain the same even after the parliamentary elections which Mr Papandreou hopes to win in order to take power as the new prime minister of Greece.

In his same answer to I SIMERINI's question, Mr Papandreou mentions the following as well:

"We will have to make it clear to Turkey that just as there is no question of our accepting what has been done, so there is no question of our remaining indifferent if Turkey uses its military forces again in order to extend its occupation on Cypriot soil. It is our position that we are obligated to protect the freedom and independence of Cyprus and to stand by our Greek brethren. /The manner in which we will express this, that we will not remain indifferent, will have to be determined according to the circumstances of that moment:/ [in boldface] the comparison of forces...." (The italics are mine.)

Thus in the case of a new Turkish military advance, "there is no question of our remaining indifferent, Mr Papandreou tells us, and "there is no question of our accepting a fait accompli."

The problem, however, is how to hinder the creation of a fait accompli, how to avert a new Turkish military advance. Because from the moment that this takes place, then the fact that Mr Papandreou will not remain indifferent does not help us much.

However what clearly allows Mr Papandreou's effort at /evasion/ [boldface] to be evident is what he says about the way in which he will manifest for us that "we will not remain indifferent." The way, he tells us, "will depend on the circumstances of that moment." And if the distance continues to be great and the circumstances unpropitious, then Mr Papandreou will convey to us that he is standing by to help.

The manner with which he will express his concern for us will also depend on the "comparison of forces." And if Mr Papandreou judges that the comparison of forces does not favor us, then...what may happen! Our evil destiny is at fault, as Varnalis wrote.

So it is obvious that Mr Papandreou is preparing his alibis starting now: the distance, the comparison of forces, the prevailing circumstances. He forgets that we create circumstances, that how forces compare depends on our own efforts and that even distances do not always remain the same....

The only concrete thing that Mr Papandreou told us is that whatever happens to us we should not be anxious because "we will not remain indifferent." Mr Papandreou will not remain indifferent; he will always be thinking about us whether he is in piny Kastri or in the seat of power.

WEST BERLIN PARLIAMENT DEBATES BUILDING OCCUPATION BY YOUTHS

West Berlin DER TAGESSPIEGEL in German 26 Jun 81 p 1

[Article: "New Parliament. Debated Building Occupations--Weizsaecker Defends Senat Policy Against Opposition Charges"]

[Excerpt] Remaining an object of dispute between the CDU minority Senat and the opposition is the interpretation of the "Berlin policy" toward occupiers of buildings. In the first debate by the new Chamber of Deputies on the subject of clearing occupied buildings, the CDU and SPD each accused the other of a "labeling dodge" between word and deed.

The Senat stressed in a debate called for by the SPD that, in accordance with the guidelines, occupied buildings would continue to be cleared once the conditions had been fulfilled. SPD spokesmen countered by charging the Senat with applying the criteria only in a formal manner and with disregarding the crucial substantive aim of the guidelines developed by the previous socialist/liberal Senat, that aim being integration and a settlement of the situation.

SPD and FDP spokesmen appealed forcefully to the CDU Senat to continue the usufruct agreements for the occupied buildings entered into by the previous socialist/liberal coalition, since only this would assure a peaceful settlement. Neither Senat nor CDU representatives would comment specifically on this issue in the parliamentary debate. Governing Mayor von Weizsaecker spoke only in general terms about usufruct policies that were planned. In contrast, yesterday in an interview in the Berlin CDU organ BERLINER RUNDSCHAU, CDU parliamentary group leader Diepgen ruled out usufruct agreements for occupied buildings with those occupying them.

Weizsaecker reemphasized during the debate that the Senat, for reasons of "accountability," would do what it had said it would. He did not want to pursue a policy of confrontation, said Weizsaecker, but once conditions such as the formal legal suit and the usufruct plan had been fulfilled, eviction measures would be instituted. He said that he, too, was concerned about integration, but that this applied to all Berlin's citizens as a whole. He noted that there was presently "dissension in the city" that had to be eliminated.

Both Weizsaecker and Interior Senator Lummer reiterated the Senat's willingness to talk with all those with an interest in the matter. Lummer said there had been

"absolutely no change" in the "quality of searches and evictions." And both practices had existed before, under the Vogel/Brunner Senat. The new Senat was to that extent "basically" continuing the principal features of the policy developed earlier. "We're going by what we were told," said the interior senator, who is responsible for the police.

If the "Berlin policy" is now to be interpreted "totally differently," said CDU building expert Simon, "we neither can nor want to go along." Though the preceding Senat had always listed the same criteria, it had not applied them.

The debate was brought on by the eviction on Monday of the occupiers of a building at 45 Mittenwalder Strasse in Kreuzberg; the owner had filed suit months ago, and requirements for the immediate start of renovation had been met. Major streetfighting had resulted from this eviction operation and another at a building in Zehlendorf.

Vogel's Charges

SPD Parliamentary Group Chairman and former governing mayor Vogel charged the Senat with having cleared the building on Mittenwalder Strasse even though there had been no legal obligation to do so. The Senat had thus accepted the fact that it would again come to the "wrong solidarity" between the violent militant element and the young squatters who were acting out of morally understandable protest. Vogel said the Senat had "needlessly" chosen a course that could lead to further confrontation. His Senat's "Berlin policy," Vogel pointed out, had not been "a checklist" of criteria; it had been an attempt "to make a peaceful transition" from building occupations to legally regulated conditions.

In the hard-fought but objectively and calmly conducted debate, Kreuzberg SPD Deputy Momper noted that the Berlin policy had "never been a formal principle, but an extremely substantive one." According to Momper, the aim of the guidelines was to gain some "leeway for political solutions," so as to be able to deal with the protests of the young people in discussions with them. In the interest of all parties, it had been a matter of restoring a "just peace for the long term" and of persuading the youthful protesters that the thing to do was to observe the laws of the state. By contrast, said Momper, the eviction actions of recent days were cause for deep concern.

Brunner's Appeal to the Senat

Speaking for the FDP, former mayor Brunner made an urgent appeal to the Senat to keep the dialogue going with the squatters. He said we must "not" withdraw "into the casemate of formal law." For the sake of social peace, the talks must not be permitted to break down.

AL Charges Lummer with Organized Attacks

AL [Alternative List party] Deputy Rabatsch charged that Interior Senator Lummer was responsible for organized attacks on fleeing demonstrators. He said the dominant mood among the police was a "special intensity of criminal energy," and that with this policy the Senat was heading toward a "conscious confrontation." Lummer was described as not the senator who could reconcile the differing interests. FDP Deputy

Kunze, as well as Vogel, asked the CDU how it stood on the usufruct agreements covering occupied buildings. No response was forthcoming.

Commenting further, Lummer and Simon pointed out that it was the SPD, not the CDU, that was to blame for the root of the whole problem — the housing policy mess. Lummer stressed that the new Senat had inherited the fact of 10,000 empty apartments from its predecessors; a solution to the housing problem was therefore ultimately crucial to the issue of building occupations.

All Parliamentary Groups Oppose 'Luxury Renovation'

In the course of further debate, all parliamentary groups rejected the "luxury renovation" planned for the building on Mittenwalder Strasse. Building Senator Rastemborski remarked that he thought the decision to furnish public funds for this was "wrong." Support for restoration to the conditions of a new building would have "unacceptable consequences" for the public treasury. He said that in the future he would pursue a "moderate modernization policy" acceptable to the public. In this specific case, however, it was no longer possible to effect a change because the previous Senat had already legally approved an order for the renovation project. According to Rastemborski, revocation of this approval would result in a claim for damages amounting to between DM 500,000 and DM 1 million and years of litigation during which the building would be unavailable for use.

Rent: DM 4.95 — Rental Costs: DM 21.88

As the building senator said, the probable future rent will be DM 4.95 per square meter, still below public housing rates. The tenants have thus far been paying DM 2.50 per square meter. Rental costs will run around DM 21.88, which will then be subsidized down to the level of the rent to be charged. This was the Alternative List party's reason for charging the Senat with the "unrestrained protection of private profit interests."

AL Deputy Rabatsch said that the "criminal speculation" with housing space was being supported at taxpayer expense, that the "machinations of speculators" were certain of support from the CDU Senat.

SPD Deputy Momper remarked that these eviction actions do not serve home ownership, but only those with opportunities for tax write-offs by virtue of their high incomes.

AL Calls for Amnesty

For formal and substantive reasons, the three other parliamentary groups in the Chamber of Deputies have rejected an amnesty law put forward by the Alternative List party; the law would grant amnesty to those arrested in connection with building occupations and demonstrations.

In the first reading of the bill yesterday, spokesmen from the CDU, SPD and FDP agreed that the Land legislature had no jurisdiction over this type of amnesty. This was solely within the purview of the Bundestag. Referring to a constitutional opinion on minorities, the AL rejected this view, saying that the Berlin legislature

was well within its rights to decide this. The bill was referred to committee for further study.

Speaking in defense of the bill, AL deputy Kantemir said that the squatters had merely made use of their constitutional right to shelter, since low-cost housing had been systematically destroyed. The demonstrators had not used force blindly in the so-called demonstrations. Moreover, force was a "means of expression," not an end in itself. The law had been interpreted to the disadvantage of the weak. No court would send to prison those responsible for the generally acknowledged abuses in the housing sector, said Frau Kantmir.

Vogel and Scholz Agree

SPD parliamentary group leader Vogel, joined by Justice Senator Scholz, noted that legal arguments concerning the amnesty question would not suffice, that the whole issue was much more of a problem of social policy. To be sure, said Vogel, amnesty would "not be prudent" under present circumstances. Rather, greater use should be made of existing legal options such as dismissing cases or issuing suspended sentences.

AL Demanded Adjournment of Session

Police confrontations with demonstrators to keep them out of the restricted area around the Schoeneberg City Hall caused a brief procedural debate in the plenary session. The noise had penetrated the assembly hall. AL Deputy Rabatsch demanded that the session be adjourned "because the events in the street fill us with concern." Rabatsch talked about a "demonstrative show of force by the police" and called on the governing mayor and the interior senator "to intervene immediately to calm the situation." The motion for adjournment was unanimously rejected by the CDU, SPD and FDP.

CDU Deputy Landowsky called on the AL to respect law and order, saying that the AL had refused Parliament President Rebsch's request to keep the demonstration out of the restricted area. SPD opposition leader Vogel turned down Landowsky's appeals to the other parliamentary groups for solidarity, saying the SPD did not see the need. He rejected the idea of a debate on superficial AL reports regarding the confrontations with the police; he expected a full report from the Senat at the next regular session. FDP parliamentary group leader Vetter also rejected the motion, arguing that the members of the parliament could not let themselves be influenced in their work.

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CSO: 3103/366

FDP RELIES LESS ON SCHMIDT, EQUIVOCATES ON NATO DECISION

Hamburg DER SPIEGEL in German 6 Jul 81 pp 83-84

[Text] The FDP is examining itself: In future the party leadership would like to place less reliance on the personality of Chancellor Schmidt and more on his party.

For months the FDP chairman, Hans-Dietrich Genscher, has made the Social Democrats uneasy with allusions to a possible end to the coalition--because the SPD is no longer capable of governing. For the present, Genscher is refraining from threats of this nature.

Warned by his friends in the party, the head of the liberals has recognized that a coalition with the Union cannot be pushed through at the moment. Genscher's new insight: "There is no conservative wave in the country." Until now the FDP chairman thought he would have to be prepared for the leap over to the CDU/CSU. For everywhere he observed with consternation the decline of the SPD:

The chancellor's authority in the SPD was shrinking visibly; the more than 30-year long rule of the socialists in Berlin came to an end, in Hessen prime minister Holger Boerner was in danger of losing the support of the rank and file for his policies. Above all, resistance in the SPD was spreading against increased defense spending, the kernel of government policy.

The FDP leader already saw the end of the social-liberal era approaching and kept his distance. Prudently he put the blame for the possible collapse on his partner -- in his eyes the morality of survival, in order to save his party from being sucked down.

His friends were able to get across to him only with great effort what damage, in their opinion, he was weakening by doing that. He thought he was protecting the liberals from harm, but he was jeopardizing the credibility of the FDP, about which it had otherwise been so particular.

The sermons had an effect. If Genscher had formerly often defended Helmut Schmidt against his own party with the argument that the coalition could only remain intact if the authority of the chancellor remained unchallenged, he is now going over to the side of the Social Democrats, who are keeping their distance from their chancellor.

Driven until now by the concern of not missing the right moment for a new coalition with the Union, the FDP leader is gradually reflecting whether there might not be sufficient support to replace the chancellor with a new one--from the ranks of the SPD.

It is already noticeable how the liberals are extolling the merits of Willy Brandt, in whom they formerly cited weak leadership, a lack of involvement, a certain unworldliness, even a little unreliability in national affairs, particularly concerning the NATO resolutions.

Recently they have been insisting that only the axis between Brandt and Genscher can preserve the coalition, once the relationship between the fraction leaders Herbert Wehner and Wolfgang Mischnick withered.

Genscher found the compromise on codetermination with the SPD leader in the final phase of negotiations on the coalition, and in May he formulated the Bundestag resolution on defense policy with him.

The liberals have already allocated the decisive part in the budget discussions in the fall to Brandt as well. One FDP chairman joked: "We just have to watch out that Schmidt doesn't get upset."

Genscher's change of heart has not come about by accident. Rather, the FDP leader recognized that the decline of SPD rule in the Laender will not continue inexorably, as he had first feared.

Genscher is also slowly realizing that he not only underestimated the attractive force of the peace movement for the Social Democrats and the Free Democrats, but also the fact of how little the liberals are prepared to cut themselves loose from the Social Democrats.

In Berlin, for example, the rank and file rebelled against their party leader's order to tolerate a CDU Senat for an unspecified period. The party congress at the end of May showed clearly that many Liberals are not lagging behind the Social Democrats in their skepticism about increased defense spending.

In the fraction session before last Genscher was again treated to a lesson in political philosophy. When Hildegard Hamm-Bruecher described the mood at the church congress in Hamburg as "a mixture of Poona and Khomeini," fraction members on the right and the left showed their indignation at this evaluation.

Minister of Economics Otto Count Lambsdorff described his childrens' impressions and found the matter "extremely serious." Bundestag delegate Helga Schuchardt was upset about the "inconceivable ignorance" of her colleague.

Several Free Democrats constantly remind the chairman as well how difficult the situation will be for him if the United States is not ready soon to enter serious negotiations.

Increased defense spending, warns Frau Schuchardt, has always been sold to the liberals with the argument that only in this way would Russia be prepared to hold discussions on disarmament. "I can only warn the curious," says Frau Schuchardt, "if the Americans continue in this way, then our party will capsize."

The minister of foreign affairs has communicated this warning to his U.S. counterpart. If the FDP does not go along, he implied to Alexander Haig, the dual resolution could not be carried.

Although Genscher himself continues to defend the NATO line with unshaken conviction, he clearly sees the danger that the parties can defeat the NATO resolution. For doubts are growing even in the FDP leadership.

The peace movement is causing secretary general Guenter Verheugen, as he admits, "sleepless nights." He is worried that the question that concerns many people most deeply at the moment is simply being thrust aside by those in the government.

While Genscher has always questioned the ability of the SPD to govern, Verheugen sees the problem reversed. "Are the chancellor and his coalition still capable of governing?" he asks. The reason: "Helmut Schmidt certainly represents the preponderant majority of the populace, but not the majority in the ruling parties," is his analysis and he concludes: A highly dangerous slalom, a degree of justification is lacking."

Genscher had repeatedly castigated the SPD for its apparently insatiable yearning to return to the role of opposition party. Now his secretary general admits he would feel more comfortable in that position.

He is depressed that typical FDP topics like peace, constitutional statehood, the environment, development policies are left principally to the extraparliamentary opposition. Verheugen says: "I wish the FDP were the party articulating these concerns."

Like Verheugen, FDP Minister of the Interior Gerhard Baum doubts whether "both avenues are possible: for his party in the long term, "sitting in the government and acting as the opposition."

Leading liberals fear that Schmidt could reassure himself about supporting the NATO defense increase with the conviction that the majority of the population is more afraid of the Russians than of American rockets.

In this context some members are issuing a warning reminder of the fate of CDU chancellor Ludwig Erhard, who had to resign in 1966, just 1 year after he won the election. Verheugen comments acidly: "One person has already come to grief as a populist chancellor."

Just how far the chancellor has really estranged himself from his party, only the budget deliberations set for the fall will show. The liberals plan to help the SPD against Schmidt on this occasion.

In the spirit of self-examination they concede that during the negotiations about the coalition at the end of last year they succumbed to the temptation to ally themselves with the chancellor against the SPD. The consequence: Genscher took the blame intended for Schmidt, because the Social Democrats had pushed through too little of their social program.

Concerning the planned cuts in the budget, the reductions in social services are a point of contention between the FDP and the SPD. But there is no longer any talk that the coalition could founder on this reef.

Many liberals and social democrats share the concern that the social budget is to be drastically trimmed, but the defense budget is to receive a tremendous increase. According to Helga Schuchardt: "That cannot be negotiated with us."

That decisively weakens the position of Helmut Schmidt. If he accommodated to the resistance from his own ranks, trusting in his coalition partner, he is now losing one of his last sources of support, since the FDP is also keeping its distance.

The end of the Schmidt era? The liberals would prefer Schmidt to stay. However, they are demanding that he would have to settle his relationship with his own party by making some concessions to opponents within his own party.

At the moment, the period after Schmidt has little to attract the Free Democrats, since the candidate who is keeping himself in readiness for the succession, Hans-Jochen Vogel, "does not score particularly high marks for personal appeal in the FDP" (Verheugen).

Genscher is still bitter at the former Bonn minister of justice for how "stubbornly" he resisted rescinding some of the antiterrorist laws during the coalition discussions. He also holds him responsible for the dilemma of the Berlin FDP, because Vogel--contrary to the agreement--did not give the CDU Senat a "fair chance" (Genscher) and abandoned the FDP, which wanted to make common cause with the Berlin socialists.

In spite of everything, the entire FDP leadership has come to the realization that a switch over to the Union is impossible. Minister of the Interior Baum's judgment: "With them neither internal nor social peace can be preserved."

9581

CSO: 3103/364

'ALTERNATIVE' SPOKESMEN VIEW PROGRAM, VIOLENCE

Hamburg DER SPIEGEL in German 27 Jul 81 pp 50-56

[Interview with Alternative List [AL] press spokesman Mathias Claus and AL Deputies Michael Wendt and Klaus-Jeurgan Schmidt by Axel Jeschke and Wolfgang Malanowski of DER SPIEGEL: "'We Will Not Leave Them in Peace.'"]

[Text] SPIEGEL: Your so-called "Sunday walk" through the Grunewald in Berlin, in which thousands demonstrated against 21 named real estate owners and agents, caused an unequivocal and unanimous reaction--"incitement," "terrorism against individuals," "psychoterrorism," "pillory," "pogrom."

AL: We think the reaction to the "Sunday walk" was out of proportion and, in that respect, surprising. Even comparisons with fascism were made. Surely we are anything but fascists. And events do not justify the other analogies and imputations either.

Some 6,000 people staged a demonstration which on the whole was peaceful. It was intended to make clear the contrast between Berlin-Kreuzberg and miserable housing on the one hand and Berlin-Grunewald and fancy mansions on the other. The term "terrorism against individuals" therefore is a pure invention.

SPIEGEL: There is no question but that you exercised pressure on individuals with your demonstration. Precisely that was the new feature of the event, the new idea. And now you are surprised at the reaction, and also perturbed by its ex post facto?

AL: Certainly as far as the reaction is concerned.

SPIEGEL: Not as regards your own idea?

AL: As far as the reaction is concerned because (perhaps we are a bit too naive) it became quite clear that the attempt is now being made to place squatting in the proximity of terrorism and to criminalize it.

SPIEGEL: Patently you spread fear and terror among the 21 persons named in the demonstration leaflets and among their families.

AL: Fear and terror--that is an exaggeration. If those persons really were afraid, they could rely on the police. If you talk about fear and terror, you have to contrast it with what the residential construction companies and speculators have done to tenants. Here in Berlin we are familiar with the special method of transferring old tenants.

No one gets excited about demonstrations in Kreuzberg, Neukoelln or Wedding when they proceed peacefully. But when there is a demonstration in the Grunewald, inhabited by other strata, there is a hue and cry as if there were mob rule. Just consider what happened: 23 windows were broken, and 20 of those belonged to the South African Consulate.

SPIEGEL: We are talking about 21 citizens having been pilloried for the first time.

AL: We concede the fact that these demonstrations were of a different quality. But none of that has anything to do with terrorism against individuals. It might perhaps be debatable whether it is a type of modern pillory. We wanted to point up the fact that these 21 persons living in the Grunewald exercise an influence on living conditions in the Kiez, in Kreuzberg, that those persons from their homey home environment in the Grunewald are exercising powerful disruptive influence. The idea was to contrast housing conditions on one side and the other in a very concrete way.

SPIEGEL: Did you enjoy this kind of demonstration? And are things to continue this way?

AL: We will discuss the experience we gathered through this demonstration and will also talk about other, new forms of action. We will make it crystal clear to the speculators and owners of buildings who are dealing in the most ignominious manner with the asset of residential space in Berlin that we will not leave them in peace, in whatever form.

SPIEGEL: We know that you do not give a hoot about the whole party establishment which after all, here in Berlin represents 90 percent of the electorate. But what do you say about the utterances of Pastor Heinrich Albertz, who fully understands "the impotent rage of young people against the idiocy of the official housing policy and against certain measures of government" but exhorts nevertheless: "Demonstrate freely and peacefully, but not with psychoterrorism against individuals."

AL: If a man like Albertz assesses the Grunewald demonstration that way, it means something different to us, of course, than if the Springer press bursts into tears. But Pastor Albertz certainly did not ask that the demonstration be canceled. He opposed psychoterrorism, and that is something we do not want either.

We did not want anymore of those real estate agents to put up barricades and perhaps even do some injury to himself. But we must try to establish in the future the connection between untoward social situations and the sins of individuals exploiting untoward political situations and making enormous profits from them.

SPIEGEL: In a letter to the leader of the AL deputies, Peter Finger, the leader of the SPD deputies in Berlin, Hans-Jochen Vogel, expressing "serious concern," draws a line between "psychological terrorism against individuals" and a "demonstration to take a stand on specific questions." On the one hand it is a question of your inveigling masses of people against certain citizens--in this case, speculators--and on the other hand it is a question of a demonstration for changing a situation legalizing speculation. Which do you want: a guerrilla war a la Grunewald or a form of democratic demonstration?

AL: Inherent in that question, of course, is an assessment of the Grunewald demonstration which we cannot support. We do not want any guerrilla warfare directed against individuals. We want to make things public and point out the disgraceful housing policy and residential housing speculation. And that we will also do in the future.

SPIEGEL: So far demonstrations have been directed against the government, against the legislator, against the political parties legalizing speculation. Now you are demonstrating against speculators strongly taking advantage of the legally created elbowroom--no more than that.

AL: In order to reveal the political scandal, one also has to point up the amount of money that can be made through speculation. And there it is not always enough merely to add columns of figures. If one wants to call a spade a spade, one has to name names sometimes.

SPIEGEL: In the Grunewald, as you say, only 23 windows were broken. Now if that does not have the effect you hope for, will we then see rocks thrown at speculators?

AL: Never if we have anything to say about it.

SPIEGEL: Your fellow Deputy Martin Jaenicke says, "I hate violence in any form."
AL Deputy Rita Kantemir says, "Rocks can be arguments." Which actually holds true? What is the AL stand on violence?

AL: There does not exist the kind of contradiction which you apparently see between the statement by Jaenicke and that by Rita Kantemir. Rita Kantemir made her remark "Rocks can be arguments" in the context of justifying the amnesty law we submitted in the Chamber of Deputies.

She opposed the criminalization of young people who have thrown rocks at one time or another. She said rocks can be arguments, and that has become indisputable, because rocks had to be thrown in order that the miserable state of housing might be taken seriously at long last. In that respect, the unrest at the Kudamm and in the inner city have had some effect.

We did not invent violence; we found that it existed. We proceed from the premise that there in fact are conditions that are based on force. The fact that there exists a legitimate right to resist this was formulated in our program, which says that those affected must themselves decide about the form their resistance is to take.

SPIEGEL: The aim, the success, justifies the means? Until the positive aim does away with itself in that means are used which really are to be fought against?

AL: The question of violence must always be discussed from a concrete aspect. If Jaenicke says he hates violence, it is certainly true of the basic attitude of the majority of the population and also of the majority of AL members. But even if one hates violence, one must accept the fact that there exist violent conditions in society.

There are varying forms of resistance, on the other hand. In this city we have experienced very peaceful forms of resistance for more than 15 years--petitions, requests directed to individual politicians to change things for once. All that has led nowhere.

SPIEGEL: Do you mean to dismiss the fact that in the Federal Republic it is only the state that may legally use force? And as for the question of resistance, the statement of the SPD Press Service on the occasion of the anniversary of 20 July 1944 applies exactly: "Whoever juggles and bandies about such ideas devaluates resistance." And: "Whoever criticizes decisions of the state or the municipalities, whoever criticizes omissions and untoward states of affairs, is entitled to freedom of speech and entitled to demonstrate within the law and to press for changes; he is not entitled to offer resistance."

AL: Of course we too realize that the term "resistance" has powerful historical connotations, and we do not want any false analogies. If we talk about the right to resistance, we feel we are entitled to do so when laid-down law turns into social and political injustice, in line with the motto "When law turns into injustice, it is one's duty to offer resistance." If you assume, however, that we are bent on using force, you are mistaken.

We would have liked nothing better if, for example, the Senat or the Chamber of Deputies during the past session had said in response to our relevant requests: Okay, there will be no vacating of buildings until mid-September--a kind of "armistice." But evidently the Senat is not interested.

The leader of the CDU deputies, Eberhard Diepgen, told us in no uncertain terms that there would be no utilization contracts with the owners of buildings. However, a political solution of the squatters question will be possible only if there can be negotiations--negotiations conducted in such a way as to include the whole squatters movement. That movement rightly fears nothing worse than allowing itself to be split into good and bad squatters.

SPIEGEL: Therefore some groups negotiated with the former SPD senator for construction in secret in order to make it impossible for the news of reasonable agreement in an individual case to start spreading among other groups of squatters.

AL: That was the case in the initial phase, and in part talks also took place more openly. But it will be impossible to negotiate in such a way as to offer negotiated solutions for individual buildings in order thus to put other buildings under pressure. Such a concept will not work out.

SPIEGEL: Can you imagine serious talks between the whole squatters movement and the Berlin CDU Senat taking place?

AL: Of course the very fact that Mr von Weizsaecker appointed Mr Lummer senator for internal affairs was a signal that the Senat does not want any negotiations but confrontation.

SPIEGEL: You in turn tie the readiness of the squatters for negotiations to advance concessions by the other side which cannot be attained--amnesty, for instance.

AL: It looks that way.

SPIEGEL: In other words, you too persist in a position which blocks any overtures for negotiations a priori.

AL: Surely two persons wanting to negotiate with each other must first outline the framework of negotiations.

SPIEGEL: Does it fit into your framework, for example, that Neue Heimat has offered to conclude utilization contracts with the squatters at 40 and 42 Knobelsdorffstrasse in Charlottenburg, or do you reject this proposal because it might split the scene?

AL: It is certainly possible to use such partial offers for negotiating about the total question. It is certainly impossible (we too are realists to that extent) to negotiate with Neue Heimat about buildings owned by Gewobag. But it is also clear that one cannot negotiate about a couple of Neue Heimat buildings with a view to leaving all other buildings out in the cold. The squatters movement lives off its solidarity, and it cannot abandon it for the sake of a couple of buildings.

SPIEGEL: It will never be offered all of them at one time. Would you or would you not reject an individual offer out of hand?

AL: We would not. But partial solutions must be such as to constitute stages in attaining the overall goal--utilization of all occupied housing. In that case there is no objection whatever to such partial agreements.

SPIEGEL: But in fact there are various kinds of squatters. After all, searches have unearthed not only trowels and mortar but also caltrops and radio equipment. In other words, there are differences between one building and another.

AL: Certainly there are varying situations on the squatters scene. But let us make this, albeit limping, comparison. In some enterprises, strikebreakers are prevented in a fairly thorough manner from entering the plant, while in others a strike is rather lax. Nevertheless no one expects the trade unions to effect a settlement in the one case and to go ahead and leave the others in the lurch.

SPIEGEL: Do not the squatters include some people or other whom you too would like to rid of in order to be able to place the desired solidarity on a solid foundation?

AL: While we do not know all the 164 buildings where there are squatters at the moment, we would like to say that there are no criminals among the squatters. As the Social Democrats and the Christian Democrats know full well, there are a number of buildings where the AL is not popular either. There are squatters there who have no use for paying any attention at all to parliamentary rules.

SPIEGEL: If parliamentary discussion, opposition and peaceful demonstrations are not crowned with success, do you think the use of force will become legitimate sooner or later?

AL: What is bound to happen in that case, to be sure, is that force will be used. Whether it will be legitimate will have to be discussed concretely in each case. In our opinion, occupying a construction site to prevent a nuclear power plant is a legitimate and just use of force, and so is squatting.

SPIEGEL: Is the AL going to decide in each case whether the use of force is legitimate and then make itself the forerunner of an allegedly legitimate use of force?

AL: No, no.

SPIEGEL: Or will you lend your support whenever you think it is politically opportune to do so?

AL: Neither the one nor the other.

SPIEGEL: Do you intend to prevent the use of force?

AL: We want inexpensive housing for everyone and no street battles.

SPIEGEL: But you do not exclude them either?

AL: We are not the leaders of the squatters movement. We consider ourselves part of that resistance but are neither the spokesman nor the patron of that movement. When we say that social situations will lead to violence, it does not mean that we consider it a good thing. All it means is that it is a logical development. When we tell Mr Lummer that there will be a hot summer if he comes up not with a political but with a police solution, it does not mean that we are in favor of a hot summer.

SPIEGEL: So you do not dissociate yourselves from the use of force--in any case, have not done so. This creates the impression that the AL parliamentarians are making common cause with persons using force. You come up with the conclusion that violence is to be expected and then carefully stand back as soon as it occurs.

AL: When the legislator drives citizens into intolerable situations, we indeed have no right to dissociate ourselves from them. What arguments can we use for dissociating ourselves from squatters throwing rocks when we have previously reached the conclusion that violence is an inescapable consequence? There still remains for us the opportunity to discuss with those using force the question as to whether we personally consider it right or wrong.

SPIEGEL: And one day you yourselves will decide that it is necessary to use force?

AL: That we have not discussed as yet.

SPIEGEL: We need not talk about the mess the housing policy is in in this city, about how ruthlessly citizens who are socially weak have been pushed around, about how shamelessly speculators have enriched themselves, about the questionable nature of laws that aid and abet this. About all that we certainly are pretty much in agreement--as one can read in DER SPIEGEL. The question we address to you now (one that AL Deputy Manfred Rabatsch has already posed to a more far-reaching extent) is whether "in fact it makes sense, and how much political sense it makes, in certain situations to resort to violence--by throwing rocks, for example."

AL: It was politically necessary, for instance, for rocks to fly at the Kudamm in December. Even the Swiss Committee for Youth Questions from Zurich invited by Lummer when he was speaker of parliament said so in its report.

When we came into parliament in connection with squatting, hopes for political changes were aroused--and immediately dashed. So it is no wonder that the squatters then say to us: You see, force is the only way.

SPIEGEL: What you consider necessary surely need not make political sense. Or do you equate one with the other?

AL: By no means. But at the Kudamm on 12 December they [the rocks] were necessary and made political sense--which does not mean that this will be so in every case. When rocks harm the movement they no longer make political sense.

SPIEGEL: How about the looting and arson on the Kudamm? Was it necessary, and did it make political sense?

AL: That question you have to put not to us but to the looters.

SPIEGEL: We are asking for your assessment.

AL: We do not think that looting makes any sense.

SPIEGEL: You have particularly close ties with the base. Are AL deputies being put under any pressure?

AL: Of course we are dependent on our base and on what happens extraparlamentarily. But we consciously aim at this dependence and consider it entirely normal. We are in parliament not only as an independently acting group which places itself in relation to other groups. We will also use our parliamentary function to lend emphasis to ideas of the base. And when we find out that one building or another is to be vacated, some of us will move in there, as Professor Gollwitzer and others have already done.

SPIEGEL: You regard yourselves primarily as an extraparlamentary opposition, but at the same time--in the Chamber of Deputies--you are a parliamentary opposition. This dual strategy perforce causes your attitude in parliament to be assessed antiparlamentarily by some and parliamentarily by others.

AL: From outside nobody has complained so far. Nor are we a blind tool of the base, however. We are politically active components of this movement and accountable primarily to the Alternative List with its 2,200 members, to the citizens' initiatives and the squatters councils. On the other hand, we do not consider it to be our political role to implement like political robots any nonsense or madness with which people might come to us (which has not happened as yet). One must not interpret extraparlamentary work and the imperative mandate [imperatives Mandat] as meaning that before we make a verbal contribution we must take every single sentence somewhere and ask, "May we?"

SPIEGEL: Inside and in front of Schoeneberg City Hall of 25 June, the AL gave a graphic illustration of its dual strategy. While the deputies were debating inside, thousands of people gathered outside for a demonstration cosponsored by the AL. Precisely because of this demonstration, the AL deputies asked that the session be adjourned. Surely this means that parliament should bow to the street?

AL: We did not trigger anything outside.

SPIEGEL: You were cosponsors of the demonstration.

AL: We were the cosponsors of a demonstration of 12,000 people which ended at Winterfeldtplatz. Thereafter several hundreds of people tried to get close to City Hall. As we must unfortunately repeat, we are not patrons of the movement.

That day the Chamber of Deputies debated the amnesty for squatters we had demanded. And with this demonstration we wanted to lend emphasis to our demand for amnesty. We wanted to make it clear that there, in parliament, not just nine deputies were in favor of the amnesty but that thousands outside shared their demand. The fact that the other parties have never yet hit on that idea is their problem. We did not think one could be expected to conduct a debate while there were confrontations right in front of the entrance only a few hundred meters away.

SPIEGEL: It will be possible for you time and again to set this extraparlimentary automation in motion. When a parliamentary session is scheduled to take place, you organize a demonstration. When the demonstrators have shown up, you make that the very reason for adjourning the debate.

AL: No. We favored an adjournment of the session because we thought it was necessary for the senators to form an impression of what was going on outside the building and, if possible, to intervene as peacemakers. CDU deputies were standing at the window staring out into the street anyway. We wanted the adjournment not because there were demonstrators outside but because there had been clashes.

SPIEGEL: To repeat our question: Is this to become the AL method?

AL: You presuppose a method that does not exist that way. Let us tell you what we had planned--we great wirepullers. One of us was to go to the concluding demonstration at Winterfeldtplatz and make a speech, but in the event it did not come to that. What we will do in the future, however--and you can go ahead and call it a method--is something that has been practiced for a long time: in the case of especially important parliamentary debates we will try to establish the connection between parliamentary and extraparlimentary work.

SPIEGEL: Do you consider the work in parliament a necessary evil or are you of the opinion that parliamentary democracy continues to be the least of evils?

AL: We do not consider our presence in parliament a necessary evil; we think it is very useful.

SPIEGEL: Do you intend to work for the improvement of parliamentary work, or would you prefer to place the parliament as such in question?

AL: We will do constructive work in parliament and make proposals which we mean seriously and which we are not making for the sake of propaganda, for example. If the others go in for that, in whatever form, there is certain to be an improvement in the work of parliament. If however, for example, 70 percent of the deputies of the big parties virtually do not do anything but sit around as voting cattle and in the course of the entire legislative period are allowed to interrupt with a question, if that--which surely has nothing to do with representing the people--we will also place the parliament in question.

SPIEGEL: You do not have a particular preference for parliamentary democracy?

AL: Parliamentary democracy certainly is better than no democracy at all. But it is no secret at all that we do not exactly regard parliamentary democracy as the most desirable, the nicest, the finest thing imaginable.

SPIEGEL: What is finer?

AL: What definitely is finer is for those affected to participate more directly in decisionmaking.

SPIEGEL: Thank you for this interview.

8790

CS0: 3103/384

ENVIRONMENTAL POLICY VERSUS ENERGY, ECONOMIC GROWTH

Paris LE MONDE in French 23 Jul 81 pp 1, 8

[Interview by Marc Ambroise-Rendu with Michel Crepeau, minister of environment]

[Text] The minister of environment will not have an easy job. The recovery of the economy, in other words industrial activities, construction and large projects could well increase the number of "attacks" against the quality of life, Michel Crepeau (MRG) [Radical Left Movement], after the break-up of Michel d'Ornano's "super-ministry," has only modest resources, technology, and financing at his disposal, with which to limit the damage.

So he is also counting on his personal political influence and his imagination to get people everywhere to be concerned about the quality of life. As he says in the interview he gave us, he will exploit every political opportunity: decentralization, nationalizations, European recovery, and changes in education. The minister knows that his support must come above all from public opinion: this explains his intention to make all cases public, to reform the conduct of public hearings, and to enlist the participation of citizen's groups.

[Question] The minister of environment is reduced to two modest functions--the protection of nature and prevention of pollution--involving less than 500 employees and a few dozen more at the regional level. Whatever you may hope to achieve, how can you succeed with so little resources?

[Answer] One does not necessarily measure the effectiveness of a department by the number of its employees. What counts is the political determination. Now no one can doubt that the will to change expressed by the president of the republic, the prime minister, and the government as a whole reflects a broader realization of the importance of the quality of life. Having said that, I am fully aware that the ministry of environment is largely subject to decisions made elsewhere. But, on the other hand--and this is my opportunity--to the extent that I am not strictly confined in one domain, I can intervene everywhere. I will not fail to do so.

[Question] We seem to have turned back the clock a decade, to the time when Robert Poujade established this ministry. This former secretary general of the UNR [Union for the New Republic] had the ear of the president of the republic, and his ministry was directly linked to Matignon. So he had political muscle...Will you enjoy the same support from the Socialist Party [PS], the prime minister, and the Elysee?

[Answer] The priorities of the left are not the same as those of the right. Its approach to environmental problems is different. Carrying out an environmental policy is more than laying a few kilometers of pipe. First of all, it involves changing people's attitudes, at all levels, and getting acceptance for the idea that growth is not only quantitative, but also qualitative. When he gave me this ministry, Francois Mitterrand did not disguise the fact that he had chosen me because many things remain to be invented and created in this field.

Even if I recognize that some useful actions were taken by my predecessors, I am not there to follow in their footsteps. In this field, as in the others, it is a question of managing change.

[Question] In 1974, Giscard d'Estaing, as a candidate, took up the environmental question with a 17-part program. So the path was already laid out for his successive ministers. This time, none of the candidates spoke at length on these subjects. In the absence of a presidential program, what policy are you going to pursue?

[Answer] I beg to differ! Francois Mitterrand wants a Magna Carta of the environment. My role is going to be to determine its substance, after the necessary consultations, and above all to make it a reality. The changes in this area will draw support from a number of levers of change.

/First pillar/: we must exploit decentralization to the maximum. Already, a large portion of environmental activity is being carried out by local communities, municipalities, departments, and regions: this will be even more true now. The environment cannot be managed out of Paris.

This new division of power should not only affect the state's relations to the local communities, but also the relations of the public authorities to associations and individuals. The time is ripe. If it was necessary for a long time to show Jacobin determination to force the local communities to take the environment into account, things have now changed a great deal. Today, the voters are holding mayors to account for environmental degradation. This trend must be accelerated.

However, my concept is not that of a state that would simply be a spectator. The state on these issues must make use of its powers: nationalizations, planning, and the budget, without of course forgetting the legislative apparatus.

This is the /second pillar/ of my policy, though I always prefer persuasion over force.

The nationalizations should be exploited to get environmental necessities taken into account. In that connection, the new nationalizations should be different from the nationalizations of the past. Since 1945, the nationalized companies have not made the environment one of their major concerns. This must change. This is why I have asked that environmentalists be represented on the boards of directors of the nationalized companies and the big public transport companies. The state, henceforth, should set the example.

It is of course true that the plan must include several major environmental options: I am thinking, for example, of the problem of water and the improvement of the big rivers, without neglecting research programs that may be very profitable in the medium term.

/Third pillar/: I hope to exploit the new European policy called for by the president of the republic. The environment should be one of the main features of this new thrust. Among the objectives of the Treaty of Rome, there was not only the creation of a free trade zone--which has been accomplished--but also the standardization of regulations. The struggle against pollution is a part of this. If one wants to convince the industrialists to depollute, we must standardize the regulations at the European level. The France of the old Regime too often held back building Europe on environmental matters. We must also change that, at least with respect to serious pollution problems. On the same order of ideas, you know that the common agricultural policy is going to be reconsidered. In order to assess the assistance agriculture will get, we must take into account the role family cultivation plays in protecting nature.

Education and Information

My /"fourth orientation"/ will consist in convincing my colleagues in education and information that the environment should figure prominently in their programs. When you start with youth and public opinion, you can change people's behavior considerably. So I am not the minister of little birds, as some are saying condescendingly. I am responsible for nature, for the air and the water. Now man does not live without nature, without air, or without water. I am in charge of sectors which are totally vital for the present and for the future. In 20 years, everyone will have forgotten the 1981 tax on moneylending. But they will be concerned with the condition of the rivers and the seaboard. The trees planted today, like our children, will come of age in the year 2000.

[Question] Your predecessors were criticized for not having budged the nuclear program an inch, despite the chance that some particular generating plant or other could harm the environment. Do you believe that you will be more influential than they were, at least with respect to choosing sites?

[Answer] Notwithstanding the mission of my ministry, I do not want to shoulder responsibility for things over which I have no authority. I do not have the lead in energy policy, industrial policy, or housing policy. This does not mean that I am not interested. Neither am I the president of an association of dissenters. But I should be present at meetings of interministerial committees to question those who are making the decisions and to attract their attention to instances where their actions will impact on the environment.

In the time of the first Mauroy government, for example, I asked questions of Plogoff and Larzac. The response came from the only people who could give it: the president of the republic and the prime minister. We know that, and I say it without malice. I am a loyal ally, a discreet minister, but I am not a fawning courtier, nor a prefect. I am a politician and I insist on being treated as one, and I intend to act like one.

[Question] The policy of the president, like that of his government, is one to stimulate growth. This is to take place through increased industrial activity and major projects. Impact studies and public hearings are there to make them compatible with the environment. How can these procedures be made effective?

[Answer] To my way of thinking it is necessary to take positive steps to end the sacro-sanct policy of administrative secrecy. The bureaucracy and even some elected officials are convinced that making documents public only invites trouble. The publication in newspapers of legal announcements that no one reads, the posting in city hall of illegible documents, evidence the contempt in which the public is still held. I am personally persuaded to the contrary. Therefore, every case-file in my ministry will be available to journalists and to the public. I believe we must also change the procedures in the public hearings, which seem presently designed to keep the public uninformed. We must have ways to really inform people, conduct public hearings [better], and above all change the vocabulary. A zone marked "N.A." [expansion unknown] on a zoning map means nothing to the general public. Jargon is one of the ways technocrats have of keeping their power.

I am counting a great deal on the people, first of all those who are members of citizen's groups. We are fortunate that citizens get together on their own and spend a part of their time examining public affairs. Let us take advantage of this! If we "fuel the fire," and help them to think more clearly, the work done by the civil servants and elected officials will also improve. Assuredly, it is in the last analysis up to the elected officials to make the decisions. But the more they do so under the eye of the citizens, the better for the environment.

[Question] The ecologists have not to date succeeded in demonstrating that an ecological policy is also an economical policy, and that the appropriations for protection and conservation of the environment are productive in the longer term. Do you believe that this essential point can be demonstrated? How?

[Answer] A committee led by Mr Toulemon is responsible for examining the problem of environmental costs. I have full confidence in him. However, not all human values are "quantifiable." The costs of poor urbanization--alcoholism, delinquency, depression--can if necessary be assessed in that way. But on the other hand, people only live once. Happiness, enjoyment of life, is not calculable, but I think they are essential. This alone, therefore, justifies many investments.

"Happiness" is not a thing, it is felt. We must get away from a society that is pre-occupied with cost-accounting everything. In this ministry, I cannot be satisfied with wielding a slide rule. Having said that, there are necessary investments the profitability of which can be assessed. For example, recycled paper is presently more costly than paper manufactured from trees, because we lack de-inking plants in France. In order to derive profit from the ecological investment in the recovery of old paper, we would have to have the public authorities come in and assist in establishing regional de-inking plants, and oblige the bureaucracies to send their old papers to it, and to utilize recycled paper. One would in this way create a substantial market.

Another market in which it would be good to invest: technology to combat pollution and environmentally harmful elements. A whole sector of the economy linked to the environment could create hard currency earnings, wealth, and jobs.

I think that a systematic program of planting green areas should be launched. In this field I have a plan that I believe is innovative and should help us sensitize the public.

But the main thing for me is still water policy. A leftist government should have a big water policy. That at least is something perfectly measurable, quantifiable, and profitable.

A large public water service remains to be created around the ministry of environment, water reservoir agencies, and local communities, and this is what I am going to work on first.

Experiments in Self-Administration

[Question] A pro-environment policy cannot be carried out without massive support from the public and citizen's groups. The latter had an interlocutor: the ministry of environment and quality of life. Now we have three or four different departments. Even if, as the PS proposes, citizen's groups are given new facilities (social position, time loans, [credits d'heures], locations, tax breaks, etc.), does it not look like their activists will lose the bureaucratic guerilla war?

[Answer] The minister of leisure time concerns himself with questions of the status of citizen's groups. But I consider myself a special interlocutor for groups protecting nature and the environment. I certainly also intend to be the spokesman, within the government, of those of their demands which seem justified to me, and I will count on them not only for analysis but also to formulate proposals. I would also like--without trying to get them back--to entrust them with managerial tasks. The Seaboard Academy, for example, does not know what to do with some land it has bought for which the local communities do not want to take responsibility. Would it not be possible for some associations to study possible improvements? Here there is room for experiments in self-administration. The environment is an especially good field for innovation, and that is what makes this ministry so exciting."

9516

CSO: 3100/886

PASOK CENTRAL COMMITTEE CONGRESS CONVENES

Central Committee Resolutions

Athens EKORMISI in Greek 28 Jun 81 pp 2-3

[Text] The Eighth Congress of the PASOK Central Committee unanimously approved the resolution on the movement's electoral strategy and tactics. The resolution's full text follows:

1. With steadfastness, self-confidence and optimism we enter as a nation and as a people the homestretch toward the election. We are at the crossroads of the most critical political and social developments that will decisively affect our survival, course and prospects.

The popular forces daily expand, organize and free themselves from political delays and ideological prejudices rooted in the past. They forge their unity and cohesion through common multifaceted struggles in the factories, neighborhoods, farms, villages and in the schools. The toiling people, the exploited and underprivileged Greeks understand and focus on the causes of the many-sided impasses through yesterday's series of experiences and tribulations and their current after-effects.

They leave behind, definitely and irrevocably, the false dilemmas and mechanisms which alienate their political will. They rediscover their "lost" social identity. They align and bring together their political prospects and their class interest with the most genuinely authentic political and partisan expression. They question in one way or other, in a continuing conflict, the policy of dependence, autocracy, terrorism and austerity of the Right.

2. The will, the demand, the action of the popular masses mature and get stronger. They have become an escalating social avalanche which pushes forward, irrevocably and unquestionably, everyone's slogan-choice: "The Right must leave power."

It is a common belief and wish that the old familiar and miserable page of the Right has been turned over. The forces of hope, creation, toil and progress are called upon to take the initiative, to assume the heavy responsibility and to turn a new page for our nation and our people; to chart a new life; to bring better days, without alienation, without exploitation. For the first time in several decades one can see and touch the possibility of the permanent removal of the

Right from power and the prospect for the radical change. No doubt the present phase is dominated and sealed by an unprecedented historic-democratic challenge, without room for historic subterfuge or political retreat.

Our people, faced with the magnitude of national, social, cultural and moral crisis, steadily formulate their demand to their main spokesman, PASOK, to put an end to the autocracy of the Right and at the same time to open the way for an independent, democratic and socialist Greece. PASOK has accepted this historic challenge of the popular movement tied with it in a contract of honor, consistency and struggle. People and PASOK, in a dialectic unity and dynamic, unhesitatingly question and claim with "logic and vision" the power from the Right.

3. The moment which undoubtedly will mark the realignment of the political forces and will ratify the beginning of real change is identified with the election of the fall of 1981. Its results will not be casual but will constitute a safe and genuine recording of chronic political developments and changes in the consciousness and the reorientation of the Greek people. This is because the 1981 election as an event condenses the content and the intention of political and social struggle of the previous period.

The coming bout contains the elements of a "here and now" total rejection by the popular masses of the choices of the governing class, thus opening a new and unprecedented phase.

This is a novel phase in which the popular movement with its democratic, anti-imperialist and socialist dynamic, will pace stable processes of reversal and radical change in a complex system, a system which has been founded through the many years of the Right's rule.

The fall '81 election will push the Right into the dustbin of history. This date will remain a shining milestone in the struggle, the suffering, the sacrifices of our people--of many generations--for national independence, popular sovereignty, social justice and liberation. This date will be the meeting of our people with history when the vision and the hope for a better life and a secure tomorrow will come alive and will take flesh.

Electoral Strategy

1. PASOK has declared that it will repeat the choice of autonomous entry into the election--a choice proven correct in 1974 and in 1977. The 1981 election is not a routine affair, a recurring ceremonial event, because this time subjective and objective conditions are favorable and place on the agenda without reservations the question of radical change.

In this election milestone the immediate and primary objective is that the people will come to power by choosing PASOK as the number one party with its own self-sustained government.

PASOK's independent entry and self-sustained government to implement and realize our program without concessions and adulteration and without untimely jumps constitute the main goal of our electoral strategy. This main goal is not cut off

from PASOK's wider political strategy which does not start and does not end with static prescriptions, calcified dogmas and mechanistic copying of experiments in other countries. On the contrary, it emanates from the dialectic analysis of the political and social contradictions in the Greek and international area, as well as the growth, course and struggle of the popular movement for a radical change; and from the creative and educational utilization of the historical experience on a national and international scale.

The independent entry and claim of power is tied to the deliberate and conscious rejection of any prearrangement--narrow or broad--at the summit or political cooperation in a front. This is because the prefabricated schemes and summit agreements alter, through compromises and negotiations, the nature of the objectives and the pace of change; block and "distort" the dynamic change in the absence of a fresh and reliable registration of the popular will and mandate; include the seed of a split at the summit, most of the time causing distrust, disappointment and the apathy of the popular masses.

PASOK with its political line of National-Popular Unity [ELE], with its governmental program and with its struggles in and out of the Chamber of Deputies, pushes forward through the democratic road the Greek socialism with freedoms secure and with a "human face." The National-Popular Unity as defined at the Second Session of the PASOK Central Committee does not include any element of "popular front" logic. It is not a call for political-partisan unions at the "top" nor is it going to become a summit contract. On the contrary, ELE is an autonomous strategy for the coalescence of social forces, designed for the prospect of a confrontation and conflict with the Right and the system of dependence.

ELE is not an opportunistic strategy, not a seasonal protest, nor conservative or a marginal increase of our partisan share. On the contrary, the National-Popular Unity is a strategy of power which formulates the necessary social terms and political conditions for forming an autonomous solution in the context of a new historic and social coalition of power.

With ELE PASOK addresses itself to the overwhelming majority of Greeks and calls on them to overcome their "party-bossism" ties, their emotional connections and the deliberately cultivated psychoses, and to join together in a pan-popular, patriotic movement for national independence, territorial integrity and democratic and socialist transformation.

This, however, does not mean on the part of PASOK a tendency of nihilism, totalitarian substitution and underestimation of the other political and social forces which exist within the democratic opposition. For this reason, side by side, it promotes, through the open democratic activity with all the forces of the democratic-opposition and anti-Right sector, a unifying mass framework of cooperation and initiatives in the mass areas which will incorporate now and later the dynamic of the electoral percentage of the forthcoming democratic victory.

Of course it is clear and given that this unifying framework of cooperation and action in the mass areas does not mean that we shall mortgage the image, the theses, the program and the organizational identity of each party. It does not mean

unity at the top with preelection capitulations and trade-offs. On the contrary, it means a recognition of a fighting coalescence and joint marching of existing political entities and camps around common goals, after each of them, having entered the electoral contest independently, registers as an electoral percentage and correlation with a specific political and social range.

Through the new electoral verdict new political and partisan alignments will emerge which in turn will project and ensure, depending on the circumstances each time, new fields and new forms of mass cooperation, with the people as the exclusive and objective judge.

The unifying framework of cooperation and action, with structures and persons in the mass areas, is an open policy which must broaden, deepen, and enrich the river-bed of the radical-popular movement of change; verify daily not in words but with deeds in the social areas both the respect of the autonomy and the shading of each form or major entity of the popular movement, as well as the insistence and loyalty in the common struggle; keep the road free and the method of democratic communication and understanding, as well as critical confrontation of all today's social currents and political parties.

It is generally agreed that during the past 7 years we have seen clearly on the horizon of our country a continuing, inescapable conflict and struggle of two radically different strategies which express diametrically opposed national orientation and conflicting political and social interests without any possibility for adulteration or compromise.

In this context of uncompromising strategies the popular visions, the struggles and the conflicts have a national, political and ideological dynamic which takes objectively the form of an overpowering bi-polar confrontation between the forces of change and the forces of conservatism. This political confrontation is not manufactured and is not kept going by some unseen forces. On the contrary, it reflects the existing and developing social polarization. It is an unquestioned truth and daily experience that the strategy of the ruling class has as its major spokesman the party of New Democracy, and that the strategy of the popular forces for promoting and realizing the "change" has PASOK as its basic pole of reference and major lever.

For this reason generally but also in escalating the electoral battle the criticism and confrontation to be carried out by PASOK will have the New Democracy and the Right as its main and only target throughout its course.

PASOK, correctly evaluating the historical moment, has no intention of opening a front of conflict with other parties of the democratic opposition during the pre-election phase. Under today's conditions a struggle on many fronts will serve and may even save the Right.

Electoral Tactic

This does not mean of course that PASOK will lower the flag of its ideological-political identity or that it will condone any counterfeiting of its profile, any distortion or undermining of its positions and choices by the other parties.

PASOK, all the time becoming the target of polemics for the purpose of vote-mongering (or for the justification of some partisan "chauvinistic" goal, or for the survival of partisan structures or persons), will have no choice but to defend its profile, its choices, and its tactics.

PASOK, without turning away from its single-front struggle against the Right, will not leave with criticism, approbation or answer those who may attempt to distort the course of change or those who in isolation and stubbornness think or dream about pressures, negotiations and alliances.

The struggle for the consolidation and expansion of the democratic institutions, for the establishment of a truly free political activity, for democratization and pluralism of the mass media is not an abstract question. It is not an illusion nor a narrow view, since it is decidedly tied to the very conditions of political and social struggle and the realistic prospects of a radical change.

The struggle for the defense and active support of the constitution, the republic and freedom as well as for the further expansion of the institutionalized popular conquests does not undermine and does not bury, not even temporarily let alone permanently, the promise and demand for socialism. On the contrary, it makes the course and the strategy for the transition to socialism more stable and more reliable, without retrogression, adventures and setbacks.

PASOK, on its own initiative and positive planning, must give a real content to the relationship between democracy and change; the relationship between democracy and chance which condenses within itself the efforts and the struggle for the organic unification and escalation of the intermediate incisions and reforms in the economic sector, the independence, the institutions and the state machinery, as well as of their unbreakable tie-in with the goal of socialist transformation.

For this reason, PASOK has and will continue to contribute intensively in the future, in its own way and with its own policy and tactics, to the immediate consolidation and by projection to the safeguarding and the extension of the democratic institutions.

For this reason, PASOK has contributed consistently to the consolidation of the mild climate and will try to preserve it during the pre-election phase as well. For PASOK mild climate means that the political confrontation and contest will develop without personal feuds, slander, and insults; without personalized attacks, without the use of sinister means, or blind and sterile antagonisms.

The acceptance and respect for the mild climate as a necessary framework for a democratic dialogue, national understanding and social struggle does not mean that the opposition will be weak, giving a certificate of forgiveness or a green light to the choices, the activities and the governmental leadership of the Right. PASOK considers it to be its duty and obligation to defend energetically and decisively the economic, social and political interests and rights of the Greek people; to protect, by all means, our country's integrity and independence.

For PASOK the mild climate does not mean political disarmament, movements at the top and behind-the-scenes capitulations either inside or outside the Chamber of Deputies. For PASOK the mild climate does not mean a lowering of the flag of challenge, confrontation and struggle for its declared principles, ideals and its vision of social liberation.

A Conscious Unifying Course

The forthcoming rise of PASOK and the assumption of governmental responsibilities unquestionably signifies the beginning of a conscious unifying course to consolidate the power of the popular forces. At the same time this cataclysmic event ends the oppositional yesterday and inaugurates the governmental present.

Precisely the road to change and the very qualitative change in the political and social nature of power and the identity of the power holder which will be ratified by the forthcoming election should be dealt with seriously by the mass movement at all levels and in all social areas.

The fact of the coming change objectively formulates new parameters in the direction of the mass movement. It can no longer be developed and reproduced only through partial struggles without grasping the meaning of the time and by not participating beyond any small skirmishes in the central struggle to remove the Right.

The mass movement today, both before and after the election, must independently and without any constraint redefine its identity, adjust its strategy and renew its goals and its forms of struggle according to the dynamic, the momentum and also the limitations of the radical change. The mass movement today, without nailing down the immediacy of the challenging character of the struggle must project comprehensively its political and social dynamic to conquer by right its privileged, sensitive and irreplaceable place in the construction of change. Today, at this stage of the Right's swan song, the mass movement in every confrontation, in every form of struggle, must not cut up and fragment the unity and cohesion of the mass area. It must not be cut off, it must not lose the cohesion, coverage, and solidarity of the torrential anti-Right current whose registration and tendency is not simply and merely electoral but also political and social.

The starting of a mass struggle from any social area without a worked-out tactic, without a possibility of victory and imposition of negotiational terms causes confusion and breakup. A struggle which is devoid a priori of any chance and leads to a predetermined impasse, in spite of the emotionally moving and heroic stand of its vanguard and the initial fighting response of the rank and file operates, in a later phase, destructively for the area itself and negatively with regard to its ties with the popular forces.

For this reason, in order not to have the New Democracy emerge as the arbiter of the popular struggles and in order not to use their mistakes to regain some wider consent, it is necessary each time to promote mature goals and objectives with forms of struggle and mobilization plans which will assure not only the preparedness and fighting ability of the specific mass area; not only the successful outcome of the mobilizations; but also its relationship to the rest of the popular movement renourishing and not suspending the current of the total condemnation and radical rejection of the Right.

The logic "the Struggle for the sake of Struggle" and the passing into untimely and unproductive escalations to prove that "consistency" is the logic of a vicious circle and a metaphysical logic characterized by the inability to grasp and understand the historical phase, and by petty politics and narrow partisan tendency for domestic consumption.

Of course, the rejection of this logic and practice in no way implies that everything will be subordinated to the election climate and that everything will be related to the post-election outcome. At the same time it does not mean that the mass movement will be disarmed but instead it signifies a struggle which will rally and expand the popular forces--a struggle whose launching and course will rely not only on the disposition and the dynamic of the masses but also on the wider popular approval and solidarity.

This is because we believe that the political will of the popular masses is not created out of nothing or from sterile propaganda and isolated action of an unconnected initiative nor from the reassuring technocratic proof. Both the political turnabout and the democratic consciousness and socialist will are founded through immediate, understandable and accessible goals, where they draw experiences and focus on needs and ideals, and understand fully the country's dependence and subjection, the workers' exploitation, repression and alienation.

Today, more than ever, the overwhelming majority of the Greek people wish and call for a specific plan for change. They expect through PASOK to create the necessary and adequate conditions for the solution of their problems and the satisfaction of their interests. They expect through PASOK to see a new program for escaping from the current crisis, a new program of substantial changes incorporated into a prospect of integrity and independence for our country, economic improvement and relief for the low income strata, and the democratic and socialist transformation of our society. PASOK has the obligation to convince the people that its goals and strategy are feasible and applicable; to rally the people to the mass struggle for the support and realization of its program. This is because no goal in our program can be implemented unless the people accept it as their own and unless the people themselves participate actively in the conquest of these goals.

It must also be conveyed to the entire people that PASOK's program is not the product of some technocratic choices made by some experts detached from the developments and the people's concerns.

Active Participation of the Citizen

On the contrary, the PASOK platform is the essence of the formation of our society, on the one hand from the PASOK analysis of the multi-sided crisis which afflicts our country and the ways for overcoming it, and on the other hand the experiences of the popular movement. In this sense our platform is not a ready-made prescription which will solve in a "mass" way all the current problems. It contains measures, frameworks for action and directions which must be supported by the working people and the low-income groups, enriched by their experiences and strengthened by their daily struggle and total participation. It is a matter of principle for PASOK that in its program the citizen is not merely an object,

an impersonal, impotent, passive unit, but its subject which acts, controls, gives life and defends its goals.

Our platform clearly defines the immediate and intermediate goals which are tied to the strategic goals, so that, prior to any negation or abstract propaganda, a precise possibility is sketched for the organic relationship of the partial goals and the elevation of the popular struggles. Such an escalation of goals and such a development of the mass struggle will increase the political and social spectrum of the forces of change through consciousness and knowledge and not with a one-sided logic of concessions and grants--both in terms of breadth and depth.

The existence of intermediate goals following one another in short-term and middle-term actions and positions reflect the need for transforming the general statement to a specific national, political, economic, and social action. The group of intermediate goals will seal PASOK's governmental opening moves, giving a clear picture and answer to our vision and strategic goals through its specific accomplishments, how it will be cured, and when it will be implemented.

It is certain that the "what," "how" and "when" of our immediate and intermediate choices, i.e., the content, the way, the timing, and their sequence and pace, will make reality the national independence, popular sovereignty and socialist transformation.

It is clear and obvious that the intermediate choices do not constitute a self-contained and sufficient goal, neither are they a goal in themselves for PASOK. They constitute a transitional-intermediate situation (between the governmental start of a socialist movement and its ultimate goals).

Such a transitional-intermediate situation is initially the appropriate and necessary means for the restructuring and unification of the present and in being anti-imperialist, anti-monopoly and anti-capitalist classes and strata with the sanctioning of democratic and open methods for mass activity.

Thus it is self-evident that the intermediate goals as integral parts of a comprehensive strategy acquire with their organic connection, continuity, consistency, acceleration and force. At every moment and on every occasion they will create positive new developing correlations of forces through continuing, successive confrontations--ripe incisions and ruptures in the political, social, economic, cultural and ideological field.

There are some who either for reasons of principle or petty politics regard the necessity for such a transitional course with suspicion, rejection and dogmatism in the name of an abstract-metaphysical purity and of unsettled dogmas. Such people do nothing else in essence but deny the very possibility, the feasibility and the immediacy of a strategy and a process for the transition to the radical change. The platform turns us away from two sloganeering views summarized in the "Here and Now" and the "All or Nothing," which if they were to be adopted would lead to two probable outcomes: either a breakup and decomposition of the broad social-political spectrum of exploited and underprivileged Greeks who make the indispensable popular base for a democratic and socialist strategy or PASOK will

be bogged down in inertia, delay, unending introspection and successive crises, thinking of the essence of politics as an intellectual exercise on paper with formalized excerpts of classical texts without the life-giving breath of daily testing, intervention and action.

PASOK has repeatedly stated that it does not have magicians and miracle workers, that the cause of radical change is not carried out overnight. It is widely understood and accepted that between what we inherit today from the Right and that which we will build tomorrow lies a distance in time. This transitional stage requires time and many steps. These in turn require steps and leaps which are steady and interconnected, unchangeable and cumulative, which each time must not only secure but also expand the agreement, the participation and the action of the popular forces. Organization is a precondition for the consolidation and development of PASOK and a guarantee for a victorious outcome of the popular movement's struggle.

Already the Fifth Congress of the Central Committee has analyzed in detail and has strongly emphasized the need for the political and ideological structuring of an organization of power--an organization of power which with its autonomous intervention and action (both in the center and in the mass movements) will compose and unify the political and social interests of the popular masses and will transform their primary visions and theses into a socialist ideology with a realizable strategy.

In the present historical phase the role of the organization both before the election and after the election is decisive and irreplaceable:

- a. Before the election because it will become the channel for information, propaganda, mobilization and confrontation for the crucial electoral contest.
- b. After the election because it will have to become through its participation in all social areas, the pole of coalescence and cohesion of the autonomous mass movements incorporating their dynamism into the strategy of the radical change.

The protracted electoral battle requires that PASOK's organized forces will have the most conscientious militant participation--and their most dedicated activation. At the same time, however, it must be understood that the electoral battle is not merely a narrow partisan cause with our cadres and members as the only participants. On the contrary it is a historic milestone which directly captures the emotions and the interest of the overwhelming majority of the Greek people.

PASOK's political goal for a "Here and Now Change" and self-powered government (cabinet) is not a narrow partisan choice but a popular mandate, and it will not be conquered if the struggle is carried out in a spirit of factionalism, partisan self-sufficiency and partisan eclecticism.

PASOK has repeatedly stated that the party must not and cannot replace or push aside the dynamic of the popular masses. This is because PASOK strongly believes that the historic subject of change is not the party but the popular forces. The quintessence of this principle is summarized in the slogan "PASOK in the Government; the People in Power."

Our party's organization is not divorced from the social forces it expresses. It is not a goal in itself but a means for change and the building of a different society. For this reason, PASOK's organization must wage today the electoral battle and tomorrow the militant consolidation of its victory, not in the name of the people but together and through the people. For this reason, we must reach and embrace without introspection, without hesitation, every friend, every follower, every Greek citizen who responds to PASOK's all-people clarion call, in the context of the National-Popular Unity. The organization is not a fortress of the "initiated" but a rampart of political struggle and a center of thinking and conscience open to the people. With those who daily struggle, toil and create we are united forever through their social identity and origin even though we may be temporarily separated by their political or partisan preferences.

For this reason we must open our doors, our thoughts and our hearts to all the detached followers of the Right, the progressive democrats and leftists in the towns and in the countryside, all the exploited and underprivileged Greeks, all those patriots who believe in real "Change Here and Now" and who wish to join in the fight and unite their forces with PASOK.

In this chapter the platform speaks of PASOK's electoral goal which is a self-sustained cabinet with as large a percentage of votes as possible as a guarantee for the realization of the plan for change, and then analyzes the detailed choices and activities which are regarded necessary for the realization of this goal.

"Our tactic," the platform states, "includes central initiatives and interventions by the chairman, a specific plan both at the center and at the periphery for the deployment, briefing and activity of the organization, the cadres and the deputies of the local organizations and central organizations and of our environment. The PASOK tactics must be consistent. They must have a steady course, a unified structure, unified style and unified expression. But beyond the overall homogeneity our tactic must have adaptability and flexibility in order to represent the popular masses authentically and through the detailed steps in time and place."

The platform then goes into the general directives of the electoral tactic.

Informing the Organization

To enable the organization to come up to the requirements of our time it is necessary to assure through mass processes its most wide and substantial briefing. All the members of the movement must know the contents of our program and our electoral strategy and tactics.

To realize this goal, the following is planned:

- a. At the beginning of July a meeting between the chairman and the executive bureau and the nome committees and the local committees of the movement with an analysis of the resolutions of the Eighth Congress of the Central Committee.
- b. During July, the third round of regional organizational conferences with a single objective of analyzing the platform, the electoral tactic and the specific plan for the preelectoral activity of the nome committees.

c. Central conferences between cadres and members of the movement in the various areas--syndicalism, peasantry, youth, small business, local self-government--in order to analyze the platform and the electoral tactic.

d. Timely dispatch in abundant quantities of printed material from the movement headquarters.

In addition to the political activities and the political decisions which must be made during the electoral campaign by the corresponding organs of the movement it is often necessary--in order to meet our electoral goals--to operate outside our organizational structure. This purely electoral work, which has tremendous significance on the effectiveness of our struggle, will be undertaken by the electoral struggle committees which have been established at the center and are being planned for each nome.

The central electoral struggles committees under the supervision and coordination of the executive bureau will be responsible for the overall preparation and conduct of the electoral battle.

The committees will have to:

1. Prepare the in-house informational material and send it to the nome committees by the end of July. This material includes:

- a. The PASOK platform--the declaration of governmental policy;
- b. Questions and answers on basic questions which concern the people;
- c. Speeches and interviews of the chairman of the movement;
- d. The local problems of each nome and the sequence and solutions we propose;
- e. PASOK's parliamentary activity in each nome or on its related problems;
- f. Drafts of speeches for cadres of the movement;
- g. Evaluation and subjects for article writing by cadres of the movement.

2. Prepare the movement's propaganda material, more specifically:

Posters: These include photographs of the chairman, posters on specific subjects or general themes such as peace, women, children, farmers, high cost of living, pollution-environment, etc.

Informative Pamphlets: These are small, popularized leaflets relating to our positions on various subjects. They are accompanied by photographic material and slogans [on topics] such as the various agricultural products--women, children and others.

Video Cassettes: These are short films on various subjects which refer either to PASOK's 8 years of existence or to timely subjects such as the high cost of living, the European Community, agricultural products, etc.

Slogans: The various slogans which must be adjusted to our electoral tactic and which will be used throughout the electoral campaign.

Instructions on the Elections: These instructions will cover the method of operation of the election bureaus, the work of the electoral representatives, etc.

3. Nome Committees for the Electoral Struggle. In every nome a Nome Electoral Struggle Committee /NEEA/ will be organized with responsibilities similar to those of the Central Electoral Struggle Committee /KEEA/.

These committees must have the ability to broaden /their appeal/ because only in this way will we be able to reach the voters of the Right and other groups who are concerned and would see PASOK as their probable choice.

The electoral struggle committee in each nome will be composed of the nome committee members and other cadres and friends of the movement who have the necessary social status and popular base to play an essential role in our electoral activity.

The NEEA will be appointed by the executive bureau following proposals by the Nome Committee /NE/ in conjunction with the committees on mobilization and organization. These proposals will come by 10 July at the latest.

The electoral committees, in addition to the technical questions concerning the election (e.g., finding representatives for the electoral centers, overseeing the election, the functioning of the electoral centers, helping voters who need more information, etc.) must be at the forefront of the work to strengthen the pre-election activities to be planned, and must be activated to bring as many voters as possible to PASOK.

Nome Committees

The NE's have the political responsibility for the conduct of election and will be activated for the best possible performance of the organization during the electoral struggle. They must start right now:

1. Following the Athens meeting of the nome committees with the chairman and the executive bureau, they must call together broad plenums of members or conferences of the Local Organizations /TO/ and explain /to them/ the resolutions of the Eighth Congress of the Central Committee and especially our tactics during the preelectoral battle.
2. Convene a joint meeting with the nome's deputies to formulate a program for visits by movement teams to all villages to brief the people on the PASOK program.
3. In conjunction with the central electoral struggle committee they will prepare major gatherings with central cadres of the movement as speakers.
4. In conjunction with the youth committee they will move to plan regional "Youth Festivals." This year the youth festivals will be incorporated in the overall electoral work of the movement and will have to be organized in the best possible

way both in terms of presence (quality) as well as in terms of participation (quantity) in order to play a catalytic role in the propaganda and informational work of the movement. For this reason the youth festivals is a matter for all party organs, not of the youth alone.

5. The nome committees in cooperation with the NKEA will move to organize:

A. Gatherings in coffeeshops or other places on special questions concerning the nomes, e.g., agricultural, small business, women, youth, etc.

B. Planned gatherings in houses in the presence of candidates or other cadres of the movement to discuss various subjects.

C. Visits to places of work, factories, farms, etc.

D. Organizing gatherings to show films (video cassettes) in conjunction with the organizational media committee (the showing will be accompanied by speeches).

National-Local: It is well known that the residents of provinces who happen to live in Athens or other cities play a significant role during the electoral struggle. It is not only their return to their home towns and their participation in the election which is important but their overall activity from now until the election, an activity which must be planned and put into effect now. The organizational committee in conjunction with the national-local and the corresponding nome committees will prepare an action program.

Overseas Greeks: The activation of emigrants is also an important factor in our electoral battle. Although the New Democracy government stubbornly refuses to grant the right to vote to emigrants, many overseas Greeks will return to Greece to take part in the election. The committee on overseas Greeks must plan right now the activation of the emigrants in the countries where they live and prepare a reception system so that when they come to Greece they will be able to start immediately to work in the corresponding nomes.

PASOK Chairman's Speech

Athens EXORMISI in Greek 28 Jun 81 p 3

The sessions of the Eighth PASOK Central Committee Congress opened with a political report by the movement's chairman, Andreas Papandreou. The full text of the report is as follows:

"I would like to point out that this congress of the central committee is indeed historic. Our people and their political leaders consider it decisively important. There will be one more central committee session before the elections to draw up the list of the party's parliamentary candidates and to review the results of the tactics followed up to that time.

"There is daily talk about the elections. When will they take place? Indeed, the 'connoisseurs,' and I mean the newspaper editors, think that they will take place

on 20 or 27 September. Recently I had the opportunity to meet with the president of the republic and I told him that for a long time now we in PASOK have insisted that the elections should be held as soon as possible, should be held much earlier than the time they will take place and that holding them in September would castrate popular presence and participation. We hope that the date to be chosen will be convenient for participation by the whole electorate.

"Let me say a few words about our platform. Personally I am satisfied and proud of the job done and at the results. I do not believe that any other Greek party has made such efforts and has used so many people as our party has. I do not believe that there has been presented in Greece a program of governmental policy as comprehensive as ours. Without doubt it contains imperfections. Many of them, however, are due to the fact that we are not the governing party; we do not, that is, have at our disposal that information which is indispensable for the formulation, one might say, of an absolutely authoritative, detailed program. This will be done when--and we say 'when' with certainty--PASOK will be the ruling party of the country. We spent at least 1½ years to draft this platform with the participation of many PASOK cadres, members of the central committee and executive office, deputies, myself personally, a considerable number of civil servants with extensive administrative experience, professors of higher institutions of learning in our country, and Greek experts who reside abroad and work for large international organizations or teach in universities. Throughout this process, the coordinating activity of the committee on analysis and planning played a decisive role.

"As you may know, a statement on PASOK's governmental policy or government planning will be issued and we sincerely hope that it will reach every corner of the land. Its text which will include the platform's main points will be submitted for your judgement. Changes will be made which the central committee will propose and approve.

"There will be brochures, of course, which will describe the most important aspects of the PASOK government program: education, health, social insurance, national defense, administration, etc.

"There will also be--and we speak about the future, not about anything already done--what is known as the '100 days program.' Already much has been accomplished--important meetings, planning sessions, conferences have taken place with an objective at formulating the first major measure of the PASOK government. Of course, high on the priority list we have the economic policy and the economic measures which will signal that a socialist movement is now ruling the country.

France's Experience

"Valuable at this point is the experience we gain from Mitterand's government in France. I must tell you that we have set up a work group which each week prepares for me and the executive office an outline of the measures the French government is taking, of the difficulties it encounters and of the maneuvers it devises to overcome difficult situations.

"It appears, indeed, that until now both the planning and the measures of the French government are excellent. Within a month since it took over it succeeded

in maintaining the franc's value and in developing a climate of normalcy, a trust in the French people as well as in the Europeans that this government will be independent and strong and that it will be able to realize the goals of its platform.

"When we peruse our platform or our government policy it is important to distinguish between PASOK's strategic goals and its intermediary ones. This is exactly the point where our opponents--on both sides--find grounds to say that PASOK is a reformist party, that it does not aim at great endeavors, at institutional changes. This, I hope, is a matter we can clear up completely during our sessions today and tomorrow in order to be properly prepared to give battle on the distinction between final strategic goals, the drama of a movement and the specific measures it will adopt in a relatively short time in the context of a specific historic opportunity.

"The difference as concerns reformism is this: in reformism the socio-democracy brings about marginal system improvements aiming at its preservation. This is the basic criterion: to preserve the system with those changes which will render it more viable.

"For us, whose aim is the great change, who understand and believe in it, the PASOK government in its march toward this change must take into consideration the following dimensions:

"First, our resolution that no shallow measure whatever can have the broad consent of the popular masses. Without the people's participation, the people's support, basic, radical measures, institutional measure are condemned to failure.

"The second dimension which especially concerns foreign policy is the correlation of forces. For every step taken in each phase of the defense and foreign policy it will be necessary to have the ground so systematically prepared as to make this correlation of forces favorable to us, to the PASOK government.

We know--and this will be said again and again today and tomorrow--that for PASOK the platform is a guiding framework whose implementation and realization demands the people's active participation. Without question, we need the support and participation of the popular movement's organizations and especially of the local self-government and the syndicalist organizations of the working people. This we must have if we want PASOK's program to advance smoothly, without obstacles. This, moreover, is one of the reasons that we must--albeit during this period which is clearly preelectoral--work hard among the popular movements.

Landmark: The Elections

Indeed the coming elections are a landmark for Greece, a landmark in the modern history of our fatherland. Everyone, the people and we, see it that way as does the Right which every day is declaring that a PASOK victory will shake the foundations of the status quo.

"What the rise of PASOK will affect will be explained during today's and tomorrow's sessions. However, one thing is certain: behind this anxiety and fear, the Right is rallying or is trying to rally its forces while simultaneously other sides are

criticizing PASOK with insinuations about compromises and a policy of [government] rotation instead of radical change. I refer, of course, to KKE, to its daily, continuous, direct and indirect criticism of PASOK. We are not disturbed by such criticism, but we think that it is wrong for any supporter of the popular movement to open a front in the area of the forces of change at this critical moment when these forces are encountering the reactionary and conservative forces.

"We are not about to provide such an opportunity whatever the criticism against us. We shall present our positions to the people and we shall emphasize that PASOK does not need any kind of guarantors for the realization of its program. The real guarantee today is PASOK's battle-worthy organization and the faith and decisiveness of our people who at this moment have decided to end the autocracy of the Right.

"Our basic goal, the people's goal throughout this period, is one: the Right must be put out of power. We believe that in this framework of the struggle PASOK will win, not merely as the first party but also as the party of a substantial absolute majority in the next Chamber of Deputies. We have the proof--you have certainly [illustrations] from your districts--but we recently had two encounters with the people, one in Kileler, the other in Evros, in Komotini, in Xanthi, and we will have another with the people of Lakonia next Saturday, a week from today.

"We are sure that this encounter will make crystal clear to everyone and in every direction that there are 'no fortresses of the Right' able to withstand the torrent of the popular movement and the faith and the struggle for change.

"Beyond this, of course, we have the almost daily polls from all sides, if not every day, at least every week or every fortnight which confirm that we are the first party ahead of the second party which is New Democracy.

"But of course we did not come here to congratulate each other and rest on our laurels. It is clear that this is the moment of mobilization for all of us with all our intellectual and biological powers. We will need to work very hard. Our duty is to promote the greatest mobilization of the people. Deputies, members of the central committee, members of committees [of the movement] have the obligation to organize Greece in a way that the PASOK positions will enter, will go into every home.

"But in this job, in this task of informing, of the march of the people, we must never forget that what PASOK has achieved was achieved within the framework of National Popular Unity. In other words, within the context of a strategic decision made by the central committee, [a decision] of critical and historic significance. I do not need to tell you what is the meaning of National Popular Unity. But it certainly means one simple thing: that someone in Lakonia, who voted for the Right all his life in spite of the fact that he is an underprivileged, poor farmer or an artisan, such a man belongs to PASOK.

"Labels should not scare us. Indeed, we must at this moment become the people's movement, the vanguard of the people's movement, in the broadest meaning of this term. I believe that this task will be assisted very much by the correct choices in each nome, by the nome committees for the electoral struggle.

"There is one major question posed by both friends and opponents: Does PASOK have the cadres to carry out its governmental program? This or that person is alright, but who in the end will govern us? This is a question we encounter all the time. It is the only one left for them because all others have been given up. I would like to say something about this. I begin with our parliamentary group. For 7 years now they have waged a struggle within the Chamber of Deputies against the policies of the Right; I believe that compared to any past Chamber of Deputies this one is impressive. Our deputies were distinguished in the context of confrontation and proved that they can ably wage the fight against the Right. This does not mean, of course, that we have been able to develop to a truly satisfactory level the deputy of a socialist movement. This requires that we have reached our goal, that we have approached the model. It requires that we have cadres that place the interest of the popular movement above their own personal interest and this, of course, applies to all our cadres.

PASOK's Historic Role

"If we wish to prove worthy of our mission we must go on with the effort to acquire a consciousness, to become one with the role thrust on us by the historical circumstances; a role which places us at the vanguard of the popular movement and gives us the opportunity to become tomorrow the founders of the great change in our country. The moment is so important that at least those of us who have worked for years in the context of PASOK must do our very best--to show what it means to be a cadre of a socialist movement which is about to undertake soon the responsibility of leading our country.

"PASOK is a new movement 7 years old. Of course, many of us have a political life, a political presence and political struggles which go way back. We have in our midst mature cadres who have been present in many past battles, in many battles of our generation. But to a large extent--and this is as it should be--it includes young people who work with devotion for the realization of the popular movement's goals in the context of the present confrontation and battle.

"The result, of course, is that we do not have much administrative experience. This is something which we not only accept but even emphasize. Many of our cadres are not familiar with the state machinery. How could they be? Since the Right and its people have governed this country in effect for many decades the PASOK cadres were not given the opportunity to acquire such experience. But we are going to have the opportunity. The good thing is that if we lack experience, at the same time we lack something else: the corrupted conscience and the habit of horse-trading.

"If we are going to need a little time to learn the secrets of administration, we will be able, nevertheless, to offer something terribly important to our national conscience: men who do not stoop to horse-trading, who have a fighting conscience, faith in our goals, faith in and respect for our people. At this moment when the highest levels of administration and in the government itself there is great moral decay; at this moment the greatest contribution to the people by a movement is to pass the administration of the country into the hands of men who respect and serve the people and their interests. For this reason I have no serious worries.

"Moreover, in the ranks of our movement we have many capable, experienced public officials, professional men and artists not only from Greece but also from the Hellenism of the diaspora (the overseas Greeks). I would like to close this subject by saying that I consider it a great accomplishment that in so few years we were able to meet the popular demand and develop a movement composed of able, battle-worthy and uncorrupted men.

Worldwide Recognition

"I would like to move to another important subject. During the past 7 years we achieved something truly unprecedented in the area of [Greek] politics. We have been recognized as one of the most important movements on the world stage. I have no doubt about it, and there is no arrogance in saying this.

"You all know now the trips and the contacts we had in the past. But let me add other invitations at the highest level which we will not be able to accept prior to the election--from China, Algeria and Cuba.

"a. During the past 7 years we have developed ties and relations with progressive socialist and national-liberation political forces. PASOK has prestige among the nonaligned. It has prestige in the Arab world. It has prestige in the Balkans where our contacts are always at the highest level.

"b. I would like to add something else. On our initiative, the cooperation of the five parties of southern Europe was developed. In essence, it started last summer in Kerkira. Since then we have had a meeting in Lisbon, one in Italy and one in Paris. The next is scheduled for August 8 and 9 in Rhodes. According to statements by my colleagues in the other parties, this cooperation has decisive importance for the socialist movement in the European area. And in spite of the fact that the French socialist party until tomorrow will be preoccupied with the electoral battle, nevertheless we were able to make contact and agree on a date for the meeting in Rhodes acceptable to us and all the others and to the new first secretary of the party, M. Jospin. We have also contributed decisively to the creation of a Mediterranean movement [PSOM] which has its own dynamic.

"c. You know our contacts, our relations with the [i.e., governing] socialism. I think I must repeat it now that only Poland has remained so far outside the round of official contacts PASOK has had with the governing parties in the eastern camp. In Western Europe our contacts have gone beyond the socialist, social democratic and progressive parties and we now have contacts with the governments of those countries--on matters which concern the two countries.

"The next case is the visit to West Germany where I will meet Chancellor Schmidt. The major subject of our meeting is the East-West relations, detente and the limitation of armaments. I will come back to this subject.

"Truly you must remember that from the beginning of its existence PASOK centered its attention on foreign policy. I believe today that we were able to prove that with the vision of a strategy with correct goals we worked to set up ramparts with strong foundations on which PASOK will be able to build an independent Greece

with its own foreign and defense policy. Indeed we have been able to develop a truly multi-dimensional foreign policy. In my opinion this is a great achievement. Through our contacts, our connections, our work at the all-European, Mediterranean and Balkan level, PASOK moves forward the great and crucial cause of peace, detente and the limitations of armaments. And let us not be too hopeful about disarmament.

"I would like to say a few words on this problem, on this danger we face today not as a country but as Europe. on an international scale, as a result of the cold war. Undoubtedly the sources of this new cold war, of this return to confrontation, is the deep economic crisis of capitalism, which has very significant ramifications also in the countries of 'in being' socialism, in the eastern camp. This economic crisis has a worldwide character, has suspended the movement toward detente and peace and has indeed paved the way for a return to the cold war which, we believed, had been put in storage since 1963.

"We face great dangers indeed, real dangers, and I would like to identify the sources of these dangers today. It is not enough to say that there is a cold war, a confrontation between the U.S. and the Soviet Union. The question is: What is the source of these existing dangers? I say 'existing' for the first time.

"First of all, we have the effort of the United States to gain nuclear superiority over the Soviet Union. The question of who is ahead of the other cannot be easily answered because it is a complex question when one takes into account both the nuclear and conventional armaments. One thing is certain. The Americans have created the impression--it has become a conviction among their people--that the Soviet Union has a superiority today and not only in the European area. The goal is not merely to balance the forces, which is the only guarantee to avoid a conflagration, but to reach a status of American superiority over the Soviet Union. This aspect of President Reagan's policy is the most serious and most dangerous.

"Second, on the European level we have the major question of the SS-20, the Euro-strategic missiles possessed by the Soviet Union, which missiles can hit all the capitals and installations in Western Europe. Supposedly as a response to this presence of the SS-20, the issue of the Pershing-2 and the Cruise missiles was raised by the West--by the United States with the support of the European countries, but as of now not all of them.

"I would like to make this observation. While it appears perfectly logical that since the Soviet Union adds one missile SS-20 every week, Europe should also move forward with the development of Euro-strategic weapons, i.e., weapons that can hit not only the capital but also towns and installations in the western Soviet Union--there is another point: The Soviet Union does not care very much whether Moscow is hit from New York or from a town in Western Europe.

Suspending the Balance

"The presence of Pershing-2 missiles in particular means the suspension of the balance, the balance which has been achieved so far at the level of intercontinental nuclear weapons incorporated in Salt I and Salt II. This Salt I and II balance is overturned by the presence of missiles in Western Europe which will replace

the intercontinental missiles from the United States. Therefore, this is a crucial question for the Soviet Union, and what the Western Europeans must understand is precisely that this is a tremendous provocation for the Soviet Union, a provocation with unforeseeable consequences.

"But beyond these two specific questions, the armaments program of the United States and the installation of the Pershing-2 and Cruise missiles in Europe, there are also two theories which for the first time are being presented and even taking root especially in the United States.

"First, there is the theory of limited nuclear war, of nuclear war controlled by the two superpowers. How can this be? In the old days, the nuclear weapons were somewhat simple. They were not particularly accurate and the aim of those old generation weapons was to hit population centers resulting in a general holocaust. This prospect of a general holocaust without a victor solved the problem. The nuclear weapons were actually useless. The nuclear peace was assured. Today we have weapons so accurate that based on the information they receive from the orbiting satellites which are unbelievably detailed--I don't know if you are aware that one can see the licence plate of a car in a city--they can hit the nuclear installations of the other side. We can limit ourselves to the targeting and hitting of nuclear warheads, the nuclear installations without hurting the major population centers.

"What is madness is now becoming something believable, a point of view, a policy, the policy of the feasible nuclear war. But there is another aspect of this thing of limited nuclear war: With the installation of Pershing-2 and Cruise missiles in Western Europe and the retention of the SS-20 in the Soviet Union, many American writers and columnists have begun to hint that in a clash of the two superpowers it is perhaps possible to limit the nuclear war only on the European continent. Because, they say, it will not be in the interest of the Soviet Union to get us /the Americans/ involved. Western Europe with the Pershing and Cruise will have already been hit. Possibly the nuclear war will not reach us. This is a stupid theory, because when the nuclear war gets started it will not be stopped easily, at least according to the opinion of those who are still sane. In any event, these idiotic theories are very dangerous because they may be translated into a concrete policy. I would like to add a few more words about the economic and social effects these armaments will have.

"The leaders of the eastern camp feel that the continuation, the faster pace of armaments will hurt deeply if not fatally their economic progress, the expansion of their social gains, if you wish, the moderation which now inspires the countries of the eastern camp, developments, liberalization with the good meaning of this word, with the meaning of active participation of the working people, as in Poland.

"All these depend in the end on the rise of the people's standard of living. For the Soviet Union, for the countries of the eastern bloc, the increasing cost of armaments for new weapons and systems means a real holdback or even reduction of the actual level with an impact on the rate of social development and progress, including the domestic political climate. The question of Poland, which this may not be the right moment to discuss, is not unrelated to those observations.

"But with regard to the United States, at this moment when there is tremendous unemployment and in view of the new president's policies, the increase of arms expenditures--which is expected to be dizzying during the next 2 years--will contribute to the higher rate of increase of the national product and of course a reduction in unemployment. We say all this because I believe that PASOK must, in spite of the size of our country, play a role and I believe every country in Europe must do, too. Even the small countries can play a decisive role in this great struggle to avert this armaments race and to return to a climate of detente and humanism.

Optimistic Messages

"I cannot close my report without of course mentioning the joyous event, the victory of the socialists in France. There are also positive expectations in the Netherlands, in Belgium and in Sweden, and of course in our case not only positive but most positive expectations which will complete the picture of a new current which will come with the PASOK victory in the fall of 1981.

"I would like to make an observation on these political currents. The economic crisis I mentioned previously, and on which I have spoken many times in the Chamber of Deputies and elsewhere, this economic crisis in its first phase led to a turn to the Right: Scandinavia, Britain, everywhere.

"A turn to the Right because when the 'pie' stops growing, then the social programs developed in the context of the welfare state as it is called--of the social contract--the class struggle reappears in its real form. This is because in my opinion the policy of the Right--the case of Mrs. Thatcher in Britain is typical--is a policy of one-sided austerity and 'monetarism' and has failed without providing any solutions. It has failed not only domestically in Britain, West Germany and France, but internationally. Because this struggle for a 'pie' which does not grow but shrinks becomes more bitter--among the classes if you wish--in each country. And we have right away a clash, a confrontation between rich and poor on an international scale, in the metropolis and in the peripheral areas of the world.

"These impasses facing today's world capitalism cannot be overcome in the context of a conservative classical policy such as the one employed by the government of the Right.

"Of all those who tried to deal with the problem--economists, various committees--I remind you of the Brandt Report--here in Greece Ang. Angelopoulos has written a book on this climate; what they propose is a keynesian policy, a policy to increase demand to mobilize the productive capacity of their economies in the context of an international economic policy for the transfer of surpluses, in the form of loans--if you wish--to the developing countries, that is, the countries of the periphery. But the solution mathematically exists in an economic model. And if you wish it is a solution. But it is a solution which denies the very essence of capitalism, that is, to save capitalism with such gestures which in effect undermine its very system or contradict its goals which of course center on the increase of surpluses and its concentration in the big centers. Therefore,

the governments of the Right face a great impasse, [an impasse facing] the bourgeois governments throughout the world. The basic features are stagnation, tremendous deficits in the balance of payments and unemployment.

"I sincerely believe that we have passed from the peak of the turn to the Right. Already the experiments of the Right have failed. We are indeed at the opening stages, we are in a process, I would say, in a significant turn to the Left, to overcome the contradictions of capitalism--not to beautify it. This also explains the changing positions of certain parties.

"Significant on this score is the changing character of the Labor Party in Britain. And I think that those who think that because a few conservative cadres left the party it will not be able to win a great victory when the time comes are in for a big surprise.

"I said all this to conclude that--with the exception of the cold war atmosphere--the prospects for the Left, the international prospects for PASOK in Greece, are positive. And for this reason I am sure that we will be able to overcome all problems with the support of the very significant factors we mentioned earlier.

"It is up to you to wage correctly the battle and to win. And to have a PASOK government, thus making the change a reality."

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PCI'S BUFALINI ON NEW FRENCH GOVERNMENT

Rome RINASCITA in Italian 3 Jul 81 p 3

[Article by Paolo Bufalini]

[Text] The American reaction to the entry of communist ministers into the French government, Mitterrand's firm reply, and the positions--differing substantially from that of the United States--expressed by important European member countries of the Atlantic Pact have made it clear, even to those who have strived to portray the election of a socialist president as a normal alternation, that what has taken place in France is an event that is bound to have consequences reaching far beyond that country's borders: foremost in Europe, but for the entire international situation as well. It is a new test (and a new aspect) of a strict bipolarism and of those theories on the homogeneity of areas--Reagan and Haig spoke of this very recently--which, were they to pass this test, would dim all prospects of doing away with the system of contrapositioned blocs and all hopes of a real detente.

We will return to this theme, with a careful analysis, at a later date. At the present time, I would like to limit my comments to the fact that the entry of the communists into the government of a major country that is a part of the Atlantic Alliance is based on a unitary political document, a document, that is, which, starting from diverse positions--positions which during the prior period and in the course of the electoral and presidential campaign were widely diverse in many respects--actualizes an agreement on highly important matters of policy: I refer in particular to those matters concerning foreign policy, Afghanistan, the missile balance in Europe, the Middle East, and Poland.

I think those who tend to forget this fact, referring to the overall situation as a surrender by the PCF [French Communist Party] to the socialist platform, are making a mistake. There is no doubt that on certain not unimportant issues the PCF has occupied positions different not only from those of the PS [(French) Socialist Party] but also from our own. The PCF, however, has moved along a basic line that has made possible the attainment of a unitary accord based on common and realistic positions: that of the struggle against the arms race and that of the affirmation of the principle--which the PCF has confirmed with regard to Poland--that every people must itself resolve its own problems and decide its own future.

I wish to emphasize this fact not because of a desire to defend the French communists from this or that criticism, but rather to underscore points of substance and of method that are important also to Italy, to us Italian communists and, above all, to the cause of peace and international detente. Of course, I do not think the outcome of the situation in France can automatically be transferred to Italy, but it will certainly make it more and more difficult to continue denying participation by the PCI [Italian Communist Party] in our national government for ideological and foreign policy reasons, considering that the PCI has for years maintained unitary positions identical with those now agreed to by the French socialists and communists, and that the PCI is in the governments of so many major cities, provinces and regions. In any case, it will be difficult henceforth not to take into account those points of substance and of method.

The substance: Through her proven loyalty to alliances and her confirmed intent to neither break nor change the balances between the opposing blocs, France gives clear, substantiating evidence of the existence of her own foreign policy, totally independently defined. The method: The seeking, without ideological preconceptions and based on the nation's real problems, of points of consensus among political parties with diverse histories and diverse identities.

But the real innovation is certainly not solely in foreign policy; it is also and foremost the fact that the parties that are the voice of the working classes and that prefigure the socialist transformation of society into democracy have captured, on the basis of a clear platform of transformation (which differs in many respects from that of other European social democracies), the control of France's policy-making from the forces of the right and center that are the voice of capitalism. The magnitude of this event, if it is consolidated--and we not only hope but believe it will be--is destined to be what I do not hesitate to define as historic, in that, it will have initiated the practical demonstration that it is possible in Western Europe to start and carry out democratically a process of transformation of society toward socialism, fully respecting all individual and collective freedoms and political, cultural, economic and social pluralism--fully respecting, in sum, those fundamental values and concepts that have constituted the main axis of our (but not only our) party's endeavors and political struggle under Togliatti's leadership and following his death, that have been re-defined in recent years under the name of Eurocommunism, and that in recent days we have restated together with the communist leadership in Spain in a joint document. We are for these reasons also aware that for the working class and for the leftist and progressive forces in France a difficult period has begun--a period of struggle and political maneuverings of the most involved kind.

A fact of this magnitude, as well as the processes and conditions that made it possible, warrants serious consideration instead of a rekindling of polemics that Mitterrand and Marchais have wisely put aside. There is no gainsaying the fact that the victory was won thanks to the PS's enormous lead right from the first round of the presidential election. But anyone who contraposes the absolute majority of seats won by the socialists to the communist seats only pretends to forget that, both for the election of Mitterrand in the second round and for the winning of the absolute majority, the solid concurrence of communist votes

(almost 5 million votes for election of the president) was determinant. Together with the PS's lead, in which we sincerely rejoiced immediately, the unity between socialists and communists was therefore decisive.

There is another point that should not be forgotten for an accurate political assessment: The consensus given by the voters to the PS was given to a party that has never advocated (or agreed to advocate), not even for the purpose of capturing a segment of the moderate vote, the exclusion of communist participation in the government. The consensus, that is, was given to socialists who had neither accepted nor submitted to any "preamble," and who had not sought any prior American permission for communist participation in the government. Thus, the "change" was implemented.

Lastly, I do not believe that Mitterrand brought the communists into the government only to "pay off a debt," but rather as the logical and consistent outcome of his choice of the alternative of a unitary approach.

No one is seeking hasty identification with Mitterrand, because, aside from any other considerations, each country has its own peculiar history and because the same alternative is not being advocated--and has not been advocated by us communists--as an objective in Italy under the same terms as in Paris. But if one wishes to discuss objectively and dispassionately what has occurred in France, the facts we have pointed out herein cannot be ignored. On the contrary, they must be one's starting point.

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PCI'S LEDDA ON SALT, TNF, EAST-WEST RELATIONS

Rome RINASCITA in Italian 3 Jul 81 pp 3-5

[Article by Romano Ledda under column heading "Issues of the Day": "Every Delay Speeds Up Arms Race".]

[Text] In the interview granted by comrade Craxi to L'ESPRESSO of 5 July, he expresses certain objections to a democratic alternative based on unity between the PSI [Italian Socialist Party] and the PCI [Italian Communist Party] that warrant sober comment. I shall limit my comments to an issue of international scope--a rather grave one--which encompasses many of the prospects of the Italian and European left, and on which it would be useful to initiate a debate devoid of ideological prejudices, renewed polemics, and also of any insidious or explicit attempts at exploitation for internal aims.

If I have understood that interview correctly, there emerges a central thesis on the part of the PSI secretary from which various conclusions are drawn and which it is desirable to restate here in its entirety: "As to the international problems," he says, "there is a basic approach on which the socialists and communists are in agreement: everything must be negotiated. But we differ in our assessment of the issues involved. We socialists believe that the USSR is pursuing a policy based on the principle of expansionism. We therefore feel that when it comes time to negotiate, Italy should definitely place herself on the Western side. Neither Europe nor the United States can negotiate alone with the USSR. Therefore, when I say 'on the Western side' I mean that we must act to ensure that the Western front remains united and solidary, taking into account the diverse nature, the independence and the autonomy of each of the countries and the need to resolve misunderstandings and conflicting views among them."

We recognize that we communists--but not only we: large segments of European social democracy, American scholars and political leaders, etc. as well--have a less simplified and simplistic (at one time the term would have been Manichaestic) view of the current, grave international crisis, its causes, and due responsibilities--including Soviet ones--for the coming about of the current extremely dangerous world situation. It is of immediate importance therefore--from the standpoint of developing the positive initiative the left is being called upon to promote to render the world more effectively governable and to impart to it a more equitable, peaceful and democratic attitude--to take a step forward toward deciphering the nature of the crisis.

There is also, however, an immediacy to certain questions and answers that cannot be further delayed. And it is here that certain concrete questions must be put to comrade Craxi. A united and solidary Western front, he says. Very well. But along what line, with what aims, and with what prospects? To use his own term, with "what values"?

Let us take the tormenting question of theater missiles in Europe. We refer of course to all such missiles: SS20, Pershing and Cruise. It is an issue--as we are all aware--of extreme importance and gravity. Awareness of the escalation involved led the winter 1979 NATO Council to take a twofold decision, in which the term "negotiation" figures prominently. Now, let us consider the sequence of certain events. In January of this year, American Defense Secretary Weinberger, in the face of pressing demands by the allies, announced that the United States would require 6 months to study the dossiers and begin negotiations. In May of the same year, the NATO Council in Rome was assured by Haig that negotiations would begin in the fall ("The Alliance received favorably the intent of the United States to begin negotiations with the Soviet Union on the control of Theater Nuclear Forces, within the SALT framework, by the end of this year," said the final communique). Thus, first it was June, then September-December. But then on 22 June, testifying before the U.S. Senate Foreign Relations Committee, Eugene G. Rostow--new head of the Arms Control and Disarmament Agency, in other words, the official who is to head the subject negotiations--stated that: 1) At least 9 months will be required (that is, to the spring of 1982) prior to sitting down at the negotiating table; 2) The administration had not yet reached any conclusion regarding SALT 2, except the conviction that it is full of errors and must not be ratified, meaning that no one yet knows on what or how the negotiations are to be conducted, and 3) There can be no arms control policy unless there is a return "to the containment policy pursued during the period the Truman presidency and the American withdrawal from Vietnam" (I cite textually from the official documents reported by the DAILY WIRELESS FILE). In short: The negotiations on Euromissiles--and this was immediately confirmed by Haig in his arrogant televised interview of 29 June--must be pushed back to next spring because of their linkage to SALT, and since the latter is still lost in the fog, the prospects for the start of negotiations are, to say the least, dimming fearfully, if not altogether vanishing.

I do not believe comrade Craxi favors a united and solidary Western front along this line, which is undermining even the labored and limited bases on which SALT 1 and 2 were built and is giving way to a period, of a greater or lesser length that no one knows, of totally unbridled speed-up of the arms race. On the other hand, not even in the United States does such unity exist. Although the Reagan drive continues to chalk up the domestic successes with which we are familiar, more than a single voice is beginning to be raised in criticism. They are not only the voices of traditional American doves like McGeorge Bundy or Kennedy but also others (James Reston, Robert Legvold, Dimitri Simes, Republican Senator Percy, Former Secretary of State Vance); they are the voices of magazines like FOREIGN POLICY and FOREIGN AFFAIRS, and of newspapers like the NEW YORK TIMES, CHRISTIAN SCIENCE MONITOR and the WALL STREET JOURNAL. These voices are beginning to express concern, to question whether or not the administration really wants negotiations, whether "linkage" is not likely to be more a destabilizing

factor than a deterrent, whether containment may not be a "constraining provocation against the Russian bear." Whatever may be our opinion of the actions ensuing from Soviet foreign policy, says Vance, "if we do not take this opportunity to reopen serious talks, we could find ourselves in a position where time has run out on us," because the Soviet Union itself is beginning to wonder "whether or not the possibility truly exists of resuming valid negotiations with the United States."

And this is what is more and more inexorably occurring. It has been commented on many occasions--and the experience of relations between the two superpowers has amply demonstrated--that the system of action-and-reaction, the spiral of challenges and mutual lectures are nonproductive. Methods of this kind do not lead to preventive results; instead they contribute to a hardening of positions. Every delay of negotiations therefore actually buttresses the wall of mutual distrust, suspicions and fears instead of rendering them more open to reason, thus intensifying the danger. This is what emerges from the most recent Soviet speeches, from the caution and the strictness of its political and diplomatic moves, from the return of the old encirclement syndrome with all the implications this brings to bear on the points of crisis that this same syndrome has opened (Afghanistan) or that have exploded in USSR's own ambit (Poland). The risk involved, in sum, is that of a rigid contrapositioning based on the pure logic of power and of its set rules and requirements, which include the restoring of two immovable camps held together--this time unlike some decades ago--purely and solely by bonds of military security.

This dangerous predicament is fully understood by Europe's major political forces, including the bulk of its social democracy and its socialist parties, which fear, to a greater or lesser extent--the European socialist universe is quite variegated, indeed, much more so than it desires to appear--they have signed a blank proxy, and which make no secret of the current gap between those whose position is to reject negotiations entirely or at best to postpone them indeterminately (that is, until certain irreversible situations have been resolved), and those whose position--knowing what they want and how to go about achieving it--is based squarely on the desire to negotiate. How can any other interpretation be placed upon the visit to Moscow just concluded by as prestigious a social democratic leader as Olof Palme and that of the visit taking place at this very moment by Willy Brandt, president of Socialist International? The new Mitterrand diplomacy toward all of a number of Soviet political actions (Poland, Afghanistan, SS20) is all but soft; however, it is precisely because of this that Claude Cheysson in his most recent interview given to TIME (29 June) urges the United States to negotiate and asks the United States whether or not it still believes in detente. The Belgian socialists have postponed all decisions with respect to the deployment of missiles, and the Dutch socialists (and with them the Dutch Christian democrats and progressive liberals) have just in the last few hours decided to make all decisions in the matter contingent upon the start and development of negotiations. The British laborites are actually demanding a unilateral atomic disarmament. The German SPD [Social Democratic Party], after having vigorously supported the new Reagan orthodoxy, has softened its positions for reasons having to do with the uncertainties of its coalition with the liberals, but is at this point suffering

lacerations and fractures such as it has not known heretofore and is, on the other hand, facing a real mass movement throughout the country--a movement which, in widely varying forms and frequently with the most dissimilar objectives, is imparting throughout Europe a new awareness (and why not?), a new and healthy "fear" of the new missiles, whichever they may be.

There is yet another aspect to be considered a force of the left. Chancellor Schmidt has many times stated he is staking his political fortunes (which are clearly not personal) on negotiations. The American response to date has shown disregard for this fact. In drawing a conclusion from this, one incurs little or no risk of error, borne out as it is by the inter-Atlantic controversy on the economic and social terrain and by the American rebukes over the composition of the French government. A system of hardened contraposition between East and West, the restoration of impermeable camps, the resumption of an ironclad system of blocs, requires today--more than was necessary in years past--a homogeneity of economic choices, of models, of leadership groups (in the East as well as in the West). During the first Cold War the social democratic and socialist forces were able to coexist within that system by virtue of a widespread and common economic growth and hence by way of a similarity of statal and social experiments. But today? Is it not a fact that with a West in which each one follows his own game plan, and in which the growth of one of its parts demands the impoverishment of its other weaker parts, and that today, with the articulation of conflicting or divergent responses to the crisis (Mitterrand's, Thatcher's, Reagan's), a homogeneity, no matter how relative, aims toward the exclusion of all forces of the left, no matter how unassuming they may be, in favor of moderate, neoliberal, or other such forces on the domestic scene, and of anti-detente forces on the international scene, the sole unifying glue being the military factor?

In effect, paraphrasing the Honorable Spadolini, the Atlantic has become wider and the very idea of a West has undergone changes of a magnitude that are not negligible, to the extent of putting to question again--and insofar as it concerns us we have done so from a lay standpoint--the notion of "camp." Without wishing, however, to go that far, it must nevertheless be admitted that as of recently it is becoming increasingly difficult to perceive with any degree of sharpness a commonality of objectives or an identity of interests between Europe as a whole, with particular emphasis on those of its left, and the United States, with particular emphasis on those of the Reagan administration. Pointing out this fact does not necessarily mean advocating ruptures or the upsetting of alliances, but rather recognizing that there can legitimately be sharp differences of viewpoints, that these differences can be not marginal but rather substantive, and that such differences can be unresolvable even though they must coexist, or must involve a struggle to impose positions that are held to be right.

To return to the concrete, the atomic warheads circulating in Europe number around 20,000, in the East and in the West, and guarantee mutual security beyond all reasonable limits. Every additional missile--SS20, Cruise, Pershing--not only appears threateningly superfluous but also transforms Europe militarily into the outpost of a war falsely expected to be limited, and opens the way to a new and perverse

phase of rearmament that, because of its technological sophistication, will vastly complicate the means of monitoring and verification involved in any agreement on the limitation of nuclear weapons.

At this point, what can be done? We are less interested at this time in establishing who is responsible for the current state of negotiations, although a certain minimum of analytic objectivity would not hurt. Wherever such responsibilities may rest, however, the question is: "Why not pull out of this stall, break away from an immobilism that is increasingly fraught with dangers, shatter the rules of the game between the two superpowers and impose new rules?" In other words, institute an intensive and continual political initiative at all levels-- government and masses, diplomatic and grass-roots, proposals and compromises-- to compel the negotiation of military balances at lowest possible forces levels. It must be done with great realpolitik, of course, knowing well how to exploit all the objective facts in the matter, which are many and highly complex. But above all, there must be a firm policy-level intent and the conviction that Europe in general, and its left in particular, fully exercising the range of their autonomous expressions, are not irrelevant from the standpoint of influencing more powerful countries and the general course of the present world situation. (They will be irrelevant only if they fail to grasp the magnitude of the stakes involved, if they show themselves irresolute on a crucial issue, or worse, if they give up their basic principles to gain a little benevolence, which at best can be but illusory).

Could this be a divisive issue in the Italian and European left? It seems to me it should not be. And since the K factor continues to be a successful journalistic contrivance, which Mitterrand has however succeeded in rendering obscure, the issue remains entirely open to the outcome of a serious dialogue on the subject.

9399

CSO: 3104/324

PAPER VIEWS GOVERNMENT FORMATION PROCESS

PM100945 Amsterdam DE VOLKSKRANT in Dutch 4 Aug 81 p 3

[Editorial: "Final Report"]

[Text] The mediators in the government formation talks disappeared from the stage with striking speed on Monday [3 August]. This was probably a question of tactics--the parties are unable to make new policy demands. This could give the impression that things are now going well with the Great Coalition (the Labor Party [PVDA], the Democrats '66 and the Christian Democratic Appeal [CDA]) and that there is agreement on its program.

This impression--given verbal support by Van Agt as well as by the mediators--is illusory. Den Uyl quite rightly spoke of a "time bomb" under the government formation negotiations, now that Van Agt (in conflict with the mediators' conclusions) has reserved the right to reopen negotiations on policy in the social and economic fields. Here the differences between the CDA and the PVDA are particularly sharp. The important question is whether the return of mediators Lubbers and De Koning to the CDA parliamentary group will be enough to defuse this Christian Democrat time bomb.

The mediators have given few objective reasons for their ardent faith in the swift formation of a second Van Agt cabinet, this time with different partners. Their optimism smacks greatly of their personal wishes which have colored their ideas. This makes their final report a fairly precarious balancing act.

In itself, their view of their mission and the way they have carried it out in the last 2 months deserve much praise. The CDA mediators in particular have found a solution to the tension between their prominent political role in the CDA and their temporary mission, without sacrificing the latter to the former. In the last few weeks they have even dared confrontation with the majority of their own parliamentary party.

But an important part of the task of mediators is as reliable a final report as possible. This has still not wholly been realized and the mediators run the not inconsiderable risk that the events of the coming weeks will amount to a retrospective judgement in the quality of their work. Such things happen when the tactics of the game push durability aside.

Van Agt is obviously keeping open his option to continue into the second phase of the government formation talks his tactics of not giving way, but also of not striking out, with the undermining effect this has on the position of the other parties. This has paid off in the paragraph on defense, in which the still present PVDA reservation over the question of nuclear arms in the Netherlands has been toned down and only the objective of more money for the defense forces comes clearly to the fore.

In this way the Labor Party has been outmaneuvered in a section of the policy program about which no further negotiations will be held. Perhaps this is not enough to split the Great Coalition, but in the next round of talks which will cover the field of social and economic policy the CDA will once again demand some concessions. It is becoming ever clearer that the PVDA will continue to set no limits and thus sometimes give retrospective justification to Van Agt's tactics.

A miserable process.

CSO: 3105/158

EDITORIAL VIEWS CAUSES, EFFECTS OF YOUTH RIOTS

Zurich NEUE ZUERCHER ZEITUNG in German 19-20 Jul 81 p 15

[Editorial by K.M.: "Paving Stones as Substitutes for Thinking?"]

[Text] For the last 15 months we in Zurich and other Swiss and European cities have come face to face with the "movement," with its mass meetings, demonstrations and "actions"; with its flyers, magazine and, lately, brochures; with their AJZ [Autonomous Youth Center], their protests and their festivals, with their bags of paint, barricades and paving stones; with their squatters, their riots and their broken glass. After this fairly long period of time, the question arises ever more strongly as to what it is all about--the difficult question about the spiritual, intellectual and political substance of this "movement." Our intention here is not to make a list of accomplishments made during this period and what material and private property was destroyed. Rather, we want to determine whether the objectives, if any, of this protest movement have manifested themselves, whether the means employed are likely to help in attaining these objectives and whether it can be discussed in rational terms.

There has been no shortage during the past year of well intentioned and other attempts at explanations which unequivocally pointed to the significance of intuitive irrationality as the cornerstone of the "movement" and which explained it as a reaction to the rationalization, organization and bureaucratization of our lives in a modern industrial society. It was a wave of indistinct feelings in a revival of fantasy and "creativity," under the influence of music and occasionally drugs, in a search for more affection and warmth, in experiencing pleasure and hostility, in the desire for immediate gratification of every wish, for absolute self-realization; but also in an explosion of uncontrollable, anarchic feelings, in senseless violence and brutal destruction.

This intuitive withdrawal and alienation has always remained basically dominant and has by far overshadowed the nucleus of the "movement" whenever specific demands (e.g., for an autonomous youth center; for "less concrete"; for more inexpensive housing and more living space and for facilitating the creation of an alternative culture) had temporarily, and often interchangeably, surfaced and managed to mobilize large masses of sympathizers. We have on this page several times previously covered the fact that this emotional entity, largely uncontrolled by intellect, has its precedents in similar movements in Italy and its parallels in Germany, where the "rules of the game" are broken also and where attempts are made to throw a monkeywrench into the functioning of state and society.

However, a movement which seeks to make changes in society and in the state and which therefore is also a political force must rely on communication and articulation, even though it is based on intuition. It cannot forever repeat the primal scream of protest; it cannot remain restricted to "intuition, arrogance, contempt and laughter" without the danger of running aground in incomprehensive and alienation. Even in a recently published self portrait of the "movement" in the book "The Powerful in Fear of Autonomy," Juerg Meier (an elected member of the Bolder council), having written about "striking down everything that now exists" and having criticized the Left as "the fig leaf of a long obsolete democracy," comes to the conclusion that the "movement" could no longer operate entirely out of its "gut feelings" (the psychologists must have loved this!), but that it must gradually grow beyond the world of the emotions: "Tomorrow the 'movement'--and ourselves--will need to use its head."

However, the formulation of objectives by this active sympathizer, which he is belatedly attempting, is not at all original and sadly lacking in political substance. Meier proposes a "hard and resourceful political struggle, which would reduce this state to cucumber salad. The definition of cucumber salad: jolting the foundations of these conditions; redistribution of wealth; redistribution of power--in other words: autonomy." This publication and others suspect increasingly that while the "movement" has created for itself a well structured and deformed image of the enemy on which it has loosened big waves of emotion, it has thus far been unable to design a vision of a "more human" industrial society, let alone specifics of its "cucumber salad"--all it has produced to date are some monolithic slogans. From the societal-political standpoint, the movement has bogged down in negativism and defensiveness. To date, it has flunked its constructive intellectual tasks--paving stones just are no substitute for creative thinking.

This lack of a future-directed thoughtful contribution to the solution to the problems of our times is all the more regrettable and worrisome since these problems are undeniably great. All it takes to conjure up the worldwide problems of a human race living beyond its means is to think about "Global 2000," the U.S. Government's comprehensive perspective study published this spring in German translation. It comes to the conclusion that "the world in the Year 2000 will be still more overpopulated, dirtier, ecologically still less stable and more subject to disturbance."

But our country too has its problems in dealing with the contradictions of our times. There is justified resistance against further regimentation and bureaucratization by the state, but we put no restraints on our demands; there is anger against the continuing spread of concrete in our country; against continuing road construction; against nuclear power plants--but the number of automobiles keeps on climbing; electric power consumption increases; the need for housing is going up; we want to work less, some of us as little as possible--but at the same time, demands are made for increases in take-home pay; we object to further measures in making the workplace more efficient--but we still want to enjoy the fruits of growth, which must in addition be produced against severe international competition.

As if these contradictions were not sufficient, the "movement" has added a few of its own: while it is screaming for autonomy (to include independence of the law), it wants to enjoy this autonomy on the back of the solvent state; it demands more

feeling, affection and love, but has by its actions triggered a wave of dislike, hate and hostility the like of which has not been seen in our country for a long time. And with its call for absolute self-realization and autonomy it has taken the axe to the solidarity of the entire population, which cannot exist as a fraternity under a common activist experience but which must include everybody to be a true community of people.

But the great problems of our times will not be solved by retreating to the ghetto of alternative Robinson Crusoe islands nor by the self-glorifying encapsulation of "autonomous" groups or strata. Nor is the nurturing of fringe groups, however necessary, a substitute for all of the following:

--that all of us jointly, as a community linked by fate, engage in the search for acceptable solutions to the gradual realization of an industrial economy within an ecological balance;

--that we once again realize that everything has its price and that in making important decisions affecting our future we should be ready to pay this price;

--that to make these decisions, we need a dialogue--and not hostility or violence--to arrive at a consensus or at least at an acceptable compromise, and that the path of the future cannot be found without pondering, without thinking, without imagination;

--that we must become more modest in everything--in our demands, in our expectations, in our belief in the feasibility of things;

--that everyone's absolute self-realization threatens to lead to everyone's self-isolation and that every genuine community of men presupposes a measure of renunciation, consideration and restraint;

--finally, that there are no quick and easy solutions to our problems, only searching, tentative approaches and preliminary decisions--but that, in view of the urgency, our search for constructive solutions should be intensified.

9273

CSO: 3103/375

SAMI KOHEN ON GREEK ELECTIONS, PAPANDREOU CANDIDACY

Istanbul MILLIYET in Turkish 25 Jun 81 pp 2, 12

[Article by Sami Kohen in the column "Window on the World": "Last Chance"]

[Text] The success won by the left in the French elections cannot be affect the political future of democratic nations in Europe.

One of these nations is Greece.

There would seem to be plenty of time before October when general elections will be held in Greece. But at present, Andreas Papandreou's Socialist Party (PASOK) appears to have broad support and to be growing stronger. It is not for nothing that Mitterrand's victory in France is being exploited as an example by Papandreou and other socialist politicians in Greece.

It is natural for the Greeks, confronted by such problems as high inflation and unemployment, to pin their hopes on a change of administration, pricking up their ears at a party and its strong leader which promise a new and different direction at home and abroad.

However, there are quite a few differences between Papandreou and Mitterrand, between the Greek left and French socialism. And the approach to foreign policy heads the list.

French Socialists see France as within the Western community and want their ties with the Western alliance to take on new strength. PASOK, however, favors weakening Greece's ties with the West. Papandreou is opposed to Greece's EEC membership and even its NATO obligations. To see it as he does, the rightist administrations in Athens have sold Greece to the West.

Doubtless, Turkey has long headed Papandreou's list of foreign policy goals. For the PASOK leader, hostility against Turkey is not so much a political tactic as a virtual idee fixe, a belief and a basic attitude.

It is hard to say at present how the Greek elections will come out. But, if as public polls show, Papandreou should win a majority or at least emerge as the strongest party, certainly many things will change in Greece. Perhaps in the seat of power, Papandreou will feel the need to give a more realistic direction to his

Western policy. However, whether he would show the same common sense and realism in his attitude toward Turkey is something we cannot know, or, more precisely, have our doubts about.

Acting on the hypothesis that it would become more difficult to resolve the problems between Turkey and Greece if Papandreou came to power, the need is felt more clearly to work harder on this in the few months ahead.

It is an encouraging development that Foreign Minister Turkmen, while passing through Athens two days ago, had "a friendly discussion" with his Greek counterpart Mitsotakis, with whom he has built a good dialogue.

Turkey certainly has a sincere desire to obtain some concrete results by election time with the present administration in Athens, which frequently expresses its desire to resolve existing conflicts by negotiation. Surely it knows that it may become more difficult after that date.

However, if there is a chance today to find solutions to the problems, it will be possible only through a joint effort to take advantage of it. Frankly, the Greeks (and other foreigners) have to give up thinking along the lines: "Whatever can be done will be done by the elections. So Turkey must reach immediate agreement with today's friendly government before Papandreou comes to power." It is to Athens' benefit as much as Ankara's to eliminate the disagreements and build friendship and cooperation. The present administration in Athens will stay or go, but as it is always in Greece's interest to get on well with Turkey, the present Greek government should not step up its efforts to find solutions to the problems by putting the burden on time.

In other words, Athens will gain nothing by raising the cry that Papandreou may come to power to pressure Turkey and showing no flexibility on its own account.

8349

CSO: 4654/60

'MILLIYET,' 'TERCUMAN' WRITERS EXAMINE U.S.-TURKISH RELATIONS

Ali Birand Commentary

Istanbul MILLIYET in Turkish 12 Jun 81 p 9

[Article by M. Ali Birand in the column "They and We": "What Will U.S. Congress Do Now"]

[Text] Israel's bombing of the nuclear reactor in Iraq made us think of two things:

First: What will the American Congress think?

Turkey was severely punished by Congress for using American weapons in Cyprus in 1974. The rationale was that U.S. arms "could be used for national defense" only.

During the same time, Israel was able to attack left and right with the same American arms. It was able to bomb Palestinian camps (even civilians). It was able to launch the schemes which brought Lebanon to its present situation. But the friends of Israel in the same U.S. Congress said, "Use of American arms cannot be punished for those who are defending themselves."

Now there is the Iraqi incident.

Even the International Atomic Energy Commission, heavily influenced by the United States, announced officially that the nuclear reactor in Iraq was not at the stage to build atomic bombs. The French government (the nation which built the reactor) gave guarantees in this regard.

What does Israel's attack have to do with national defense?

Will the Congress again choose to ignore this act, which amounts to interstate terrorism?

Will Israel be allowed to attack another nation on the rationale that it considers itself justified or, indeed, as a pre-election ploy?

If the American Congress remains silent this time and allows Israel to go unpunished, it will both go against the interests of its own nation and never again have the right to pass judgment on other nations.

More important, if the strong Jewish minority in the U.S. Congress and in America is able to get the administration to do what it wants, those who doubt Washington's leadership, or at least those who do not like the administration providing this leadership, will be even more justified. And the feeling of "confidence in the United States," which is beginning to return in certain circles, will be jeopardized again, at least among many nations in the region where we are. And severely so.

Besides being a nation which is preventing peace in the region with its attitude, Israel is also upsetting the policies which America has planned to implement in the same region.

The latest incident will force many Arab nations to think twice, or even three times, about the swift intervention force, the formation of which is being attempted on the rationale of protecting the oil region. They will be even more worried about this American initiative, which they are not overly thrilled about anyway.

Will the moderate Arab nations, which consider Israel more of a threat than the Soviets in their region--where the United States is planning to put bases on their soil--be able to consider opening their arms now to an America so enthralled by Israel (with not even a voice raised in Congress)? Even if they entertained some idea of guaranteeing their own positions, no Arab leader could easily give his approval now.

Except probably Sadat.

And his situation is steadily worsening. But there is nothing he can do but carry his intimacy with the United States to the ultimate point. He has become the slave of a policy which he once described as "realism" and has to pursue this policy at the cost of ever more alienation from the other Arab nations. As long as Israel pursues its present approach, Sadat will be pushed into ever more dangerous waters. This is a policy which he devised himself but which has got out of his control. Sadat's fall, in any case, will be one of America's greatest losses.

The inability to rein in Israel may also indirectly affect Turkey in the future. Unable to find facilities for the rapid deployment force in the area, America will naturally have to turn to its allies whether it wants to or not. And one of these may inevitably be Turkey...especially if the Reagan administration keeps its present pessimistic eye on Moscow.

How much of a role would Turkey be given in the rapid deployment force? We directed this question to Robert Komer, who attended the SHAPEX Conference in Belgium last month. Not only very well acquainted with Turkey but also considered the "father" of the rapid deployment force, Komer is a person who has served at the highest levels of the Defense Department in Washington until 6 months ago. He explained that some in Washington favor using Turkey and others, conversely, favor not giving Turkey a role. He explained as follows how the planners in Washington "are looking at Turkey," that is, Turkey's present position (from Washington's standpoint):

"Turkey has become very important from the standpoint of protection of the Persian Gulf, because, contrary to what many people suggest, the Soviet route to the Persian Gulf is not Afghanistan, but Azerbaijan, that is, via Iran. Afghanistan is a step

on the way to India. Turkey would be able to block the Russians' descent through Azerbaijan, however. And because of its position to cut off this route, it is more important than Pakistan. So in view of these data, the Air Force which would bear the heaviest burden of the rapid deployment force in Washington, if they just spread out the map and look at it, quite justifiably from the strategic standpoint, want to use the bases in Turkey (infrastructure).

"However, let's also take a look at the political facts. The view that I have advocated all along is that Turkey should not be asked to do anything beyond what it can do politically, that it should not be put in a difficult position. Turkey should not be asked for a gesture which would increase the Soviet threat or create a direct Soviet reaction."

Conversely, the Reagan administration today looks at everything in terms of the Soviet threat and adjusts its policy accordingly. Therefore, would it not try to press Turkey into service which it sees as the most effective block to the Soviet threat? Would its organs not participate also?

To Komer, the answer to this question seems optimistic for the moment: "The State Department also shares this view of mine. No one at the Pentagon is insisting except the Air Force. Haig clearly favors not pressuring Turkey or forcing it into a politically risky initiative."

According to Komer, confidence in Turkish-U.S. relations and a change in Turkey's policy vis-a-vis the rapid deployment force, for instance, can come about only with Ankara's gaining economic strength and a feeling of confidence in itself. "Then, it would be easy for Turkey to support such a force," he says.

Civaoglu Commentary

Istanbul TERCUMAN in Turkish 21 Jun 81 p 3

[Article by Guneri Civaoglu in the column "Report": "A Day with American Experts"; passages enclosed in slantlines printed in boldface]

[Text] We took an all-day cruise with a group of American experts, one of whom was former U.S. Ambassador to Ankara Komer, /once famous for having his car burned at the Middle East Technical University/. And then we talked for hours that night. There were two of us journalists and a pretty good number of businessmen.

What we saw in this group was pretty different from what we are used to. Just as the Reagan administration's foreign policy is different.

This group is, quite simply, trying to erase the image of the /"ugly American."/ This group is more intelligent and has more common sense, realizing that it takes two to be friends.

And let me say this, too. It is able to give much sharper answers. Let us present in light of the conversations we had throughout a day and a night an evaluation of the contacts during days of conferences in Ankara and then in Istanbul.

I asked one of the international political experts, who is quite close to the White House, the following question:

"Will you place an arms embargo on Israel?"

He was not at all surprised. Neither did he ask, "Why?" Because this question has been asked before.

He gave the following answer:

"I know what you are trying to say. You used arms that we gave you in the Cyprus operation in violation of the terms of the agreement. And the U.S. administration of that time placed an arms embargo against Turkey. Now, since Israel bombed the nuclear reactor in Iraq using aircraft which it had obtained from the United States for other purposes, you are saying we should place an embargo on Israel, too.

"In my opinion, the United States made a mistake in placing Turkey under embargo after the Cyprus operation. It should not repeat the same mistake now."

A pointed answer. He admitted it was a mistake, too.

"Okay, but how will you make up for the mistake committed against Turkey?"

We argued answers to this question with various persons from the same group. That is the kind of approach they are taking.

The United States is aware of Turkey's arms deficit. On the one hand, there is a question of providing aid outside the program and, on the other, of directing investments into a joint arms industry in Turkey.

This inclination was made clear to our businessmen also. Every large Western nation in the world has an arms industry run by the private sector or with private sector involvement.

"Why shouldn't private U.S. establishments give the Turkish private sector a hand in this regard?" it is asked.

Certainly, it has been our policy, indeed our obsession, for quite a long time to form a joint arms industry by bringing in the state organizations, agencies and even the university. All along, we got a /"No"/ in reply.

So it appears that there are important changes in U.S. policy and that certain progress has been made in this regard. The speech by Minister of Defense Haluk Bayulken published on our front page today also confirms this.

And what about extra-program aid?

It is possible...

But what is happening is that Turkey must first show further friendship for the United States. Did Britain and France not send warships to the Indian Ocean when tension began building in the Persian Gulf?

The Gulf, or Middle East, oil region is the United States' biggest headache. The conversations made it clear in a roundabout way that some gesture is expected from Turkey that might contribute to their taking a stance to relieve that headache.

/That gesture is not being spelled out./

Nothing concrete is being said.

But one can read between the lines the message that some gesture would go a long way toward winning over congress for additional aid.

It is quite clear that the United States could form the rapid deployment force itself, and use it itself if necessary, but the writing on the wall says /this is a collective stance, not just by the United States alone, but with the support of its allies/.

It is worth noting that while West European nations, especially Germany are reducing aid to Turkey, relations with the United States are beginning to intensify.

8349

CSO: 4654/60

BARLAS OF 'MILLIYET' CONTRASTS TURKISH, IRANIAN REVOLUTIONS

Istanbul MILLIYET in Turkish 25 Jun 81 p 1

[Article by Mehmet Barlas in the column "Today": "Revolution, But..."]

[Text] For us Turks, no regime will do but the republic. So let us search our memory. Was there a time when we liked the shah of Iran? Did we not look with disdain on his oil billions and the pomp of royalty?

In 1979, our heartfelt desire was for the success of the "Iranian Revolution," rising out of such chaos. As a result, our eastern neighbor Iran became a republic after 2,500 years. Now, administration of the state would be in the hands of the people, not dynasties or individuals.

Today, almost 2 1/2 years later, it is unfortunate that Iran is in a worse situation than before. A handful of mullahs, claiming to act on behalf of "Islam" has dragged the country into instability and outlawry.

It is true that every revolution must have an enemy.

Republican revolutions tighten ranks against "monarchy," proletarian revolutions against "exploitation," and independence movements against "imperialism." In revolutions of the past, all forces mobilized against this common enemy.

But what makes revolutions successful is not just the existence of an enemy, but of a goal also. The goal must involve the public welfare, humanitarianism and progress. It should aim to take the society forward toward some point for the movement to be called a "revolution."

Here we must perforce speak of our revolution, that is, the "Republic of Turkey."

I came across an article signed by Sir Valentine Chirol which was published in the OBSERVER newspaper in Britain in 1927.

Sir Chirol says in summary:

"The action which began among Muslims in India during the Mustafa Kemal movement and spread to support Anatolia frightened us British. We were afraid that Mustafa Kemal, the protector of the institution of the caliphate, would infect

the Indians and threaten the British Empire. The belief that the Islamic religion constituted the basis for an Asian revolution against the Western world threw us into anxiety. Now, it is 1927. In the intervening years, Mustafa Kemal, who threatened us with Islam, first ended the caliphate then introduced the Civil Code, eliminating the rule of the holy law. Yet, if Mustafa Kemal had wanted to, he could easily have proclaimed himself caliph."

We all know the answer to this article published in 1927:

Because the first goal of the "Anatolian Revolution" was "independence" and the final goal was "modern civilization," Mustafa Kemal first used the caliphate against the British. After that, he chose the route of saving Turkish society from religious fanaticism.

What our friends in Iran seem to lack is true revolutionaries. At the moment, what Iran is experiencing is reaction, not revolution. If they are looking for a real example, they have a Republic of Turkey right next door.

8349

CSO: 4654/59

ISRAELI RAID AGAINST IRAQ, IRANIAN SITUATION EXAMINED

Istanbul MILLIYET in Turkish 18 Jun 81 p 2

[Article by Sami Kohen in the column "Window on the World": "Hot Summer"]

[Text] Two recent events again threaten to upset the delicate balance of power in the Middle East. One is the "shock waves" from the Israeli bombing of Iraq's nuclear reactor. This incident is not just fanning the flames of tension and discontent in the region again, but is also leading to new confrontations.

The second is the jockeying for positions in Iran. The danger that the political dispute in Tehran, which at this stage seems to be completely internal, would turn into civil war in the future casts a shadow on present stability in the region.

So it looks as though the Middle East is in for a "hot summer."

Let us summarize as follows the effects so far of Israel's latest attack on Iraq:

--The incident, as predicted, left the United States, at most, in a difficult position. The Reagan administration had been working up to an approach to the Arab nations for some time. And one of these nations was Iraq. Washington was trying to establish a dialogue of quiet diplomacy with Baghdad.

The Israeli attack gave the coup de grace to these efforts. The Iraqis consider the United States as responsible as Israel since it supports Israel and gave it the weapons.

--U.S. relations with the entire Arab world, not just Iraq, are entering a critical period following this incident. In recent months, the United States had been warning such nations as Saudi Arabia, Jordan and the Arab Emirates of the Soviet threat to the Persian Gulf and was trying to bring them into close political and military cooperation. The slightly exaggerated theme of "danger in the Gulf" was getting through to certain of the Arab leaders and bringing them closer to Washington. Yet, after the latest incident, even these leaders seem to believe that the basic threat for their own countries comes more from Israel than the Soviets. In other words, Washington's Gulf policy now faces new difficulties.

--The Israeli attack, as expected, just unified the ranks of the Arab nations. Even those like Syria which have no love for Iraq and even look upon it with hostility now support Baghdad. It is a known fact that friendships and alliances

in the Arab world are quickly broken. The present "honeymoon" with the Iraqis may be short-lived also, but for today there is a new Arab tightening of ranks against the outside.

--The incident has created differences of opinion within the West also. Washington's point of view is different from Paris' or even London's and Bonn's. The U.S. attitude at the United Nations and Reagan's latest speech make this clear.

--Doubtless all these faits accomplis play directly into the hands of Moscow. The Soviets had been content just to denounce these developments and watch. But now it is impossible for the Kremlin leaders not to be happy about a wind blowing against the United States. Soviet diplomacy will probably lose no time in taking advantage of this hot wind.

The troublesome aspect of developments in Iran is that this is not a simple power struggle. There is danger of the struggle between the ruling mullahs and President Bani-Sadr getting completely out of hand and dragging Iran into chaos or even civil war.

Those who have been watching where the Iranian revolution has been going for the past 2 years will doubtless be concerned about its deteriorating in this fashion. The revolution was, first of all, against the despotism of the shah's regime. The Iranian people applauded and embraced Ayatollah Khomeyni for this reason. Today another despotic administration has been installed under other names and attributes. Those who came to power with the revolution from Bazargan to Entezam have been dismissed, demoted or punished. Why? Because they did not bow to the mullahs' new despotism, they were not in the same ranks with those who are distorting the revolution.

The same thing is happening today to Bani-Sadr. For those who hold the nation's reins in their hands, the president is a traitor who does not share their fanaticism. The mullahs are now trying to direct the wrath of their devoted fanatics against Bani-Sadr.

What a strange way to run a state!

And what a strange revolution....

Those who have brought on the degeneration of the revolution bear the responsibility for the Iranian people's virtually being in search of a shah today against the growing seriousness of increasing political pressures and economic and social problems.

The power struggle between a few people is not essentially what will determine Iran's political future. In other words, even if the mullahs push Bani-Sadr out completely or even kill him, this struggle will not end. On the contrary, it will heat up. And it will get so hot that it could easily cause civil war in Iran.

Such an atmosphere will bring various internal ideological and political forces into the struggle to fill the void. And doubtless there will also be those on the outside who like to fish in troubled waters.

This is where the danger lies for the region.

POEPPEL VIEWS TORNADO COST OVERRUNS, DEFENSE CONSEQUENCES

Bonn DIE WELT in German 1 Jul 81 p 4

[Article by Ruediger Moniac: "Combat Ammunition Reserves Used for Troop Training for Lack of Funds"]

[Text] At yesterday's hearings on the Tornado affair, Inspector of the Army Poeppel complained to the parliamentary investigative committee about the shortage of spare parts for the Bundeswehr motor-vehicle pool and the increasing difficulty encountered in maintaining weapons due to lack of funds in the military budget. Poeppel declared that the funds available in this year's budget are "by far not sufficient" for the proper maintenance of military equipment.

The general foresees a growing "tidal wave" of no longer road worthy motor vehicles in military units whose "magnitude will lend the problem a considerable dimension." In addition, "a noticeable shortage" of spare parts has developed toward the end of the year. According to Poeppel the dangerous development will become exacerbated further next year because the 1982 budget is likely to contain "even less money" for material maintenance. This state of affairs causes the inspector general special concern because of its impact on draftees. "They will think that the Bundeswehr is not overly concerned" whether its vehicles are road-worthy or not.

In the general's view lack of money will soon also lead to a shortage of ammunition. Because of insufficient funds allocated for training purposes "it could become necessary next year to draw on ammunition reserves kept for a defense emergency."

He is further concerned about the poor accommodations for troops. When "tolerable accommodations" become unavailable Poeppel fears that the willingness of the soldiers to extend their enlistment and become professional soldiers will decrease. In this context the inspector of the army also found it regrettable "that the unusual willingness to extend military service" noticeable in servicemen in the last 2 years cannot be exploited because of the inadequate Bundeswehr budget. Therefore, all services are being hindered from recruiting new volunteers "so we can face lean years in good shape."

Poeppel disagreed with the inspector of the air force remarking that at the military budget hearings in the spring he had an opportunity to speak about the "implications" of the threat created by the Warsaw Pact which gave also the inspectors of the air force and the navy the opportunity to voice their opinion. General Obleser declared before the committee that the March budget hearings were "not the place" for analyzing this threat.

EFFECT OF TORNADO COST OVERRUNS ON DEFENSE BUDGET

Frankfurt FRANKFURTER ALLGEMEINE in German 2 Jul 81 p 4

[Article by C.G.: "Interim Report of the Tornado Committee"]

[Text] C.G. Bonn, 1 July--After 17 meetings held in Bonn by the Tornado Investigative Committee, 11 hearings of witnesses and 15 interfractional caucuses Committee Chairman CDU Deputy Marx and his Social Democratic deputy Horn rendered on Wednesday an interim report on the work of this parliamentary investigative panel. Marx restated that the committee was forced to examine the question how the "Tornado case" could have arisen and developed. The preliminary result--as yet inconclusive--has brought to light mistakes in planning committed at many levels. True, when presenting their departmental recommendations to their superiors, members of the Federal Ministry of Defense issued warnings on financing problems. But these warnings were not properly understood. Marx talked about a lack of receptivity to warnings until in the end the decision was left to the ministry's budget manager. The inquiry has brought to light the rottenness of the climate prevailing at the Federal Ministry of Defense. Many officials involved refrained from pursuing the subject; others did not possess the courage to approach Minister Apel directly with their concerns and findings.

Marx declared that the committee reached no consensus on the second question which the committee was to resolve i.e., what Apel knew about the cost overruns of the Tornado fighter aircraft. Certain is only that the letter dated 1 July 1979 addressed to Apel by the inspector general of the Bundeswehr through the intermediary of the state secretary at the Ministry of Defense has never reached the minister. The letter listed all existing pitfalls but the ministry's leadership chose to seep the Tornado problem under the rug. Marx said that the shortness of time remaining before the election campaign and the elections proper played a contributory role here. "The unpleasantness was to be pushed aside." The ministry's leadership was unclear on the question of the legality of industry's claims. The officials responsible did not become aware of the obvious legality of claims until in November 1980.

"Everybody knows that the defense budget is inadequate," said Marx. The question arises whether the Federal Republic should measure the adequacy of its defense expenditures by the magnitude of the threat from the Warsaw Pact or adjust defense expenditures to fit the budget. Government policy attaches too little importance to defense. This is due to the Federal Government's hope that the agreements reached with the East and the policy of detente will reduce the importance of

defense needs. Marx called the repercussions of the Tornado cost overruns for research and development as well as the civilian industry severe. Beyond that many weapons systems will be delayed or scratched on account of the Tornado. In addition, the resulting need for economies will extend to ammunition, fuel and living quarters. The investigative committee made an effort to protect individual soldiers including for example the quality of their accommodations from repercussions of the necessary measures for economy. Marx said that questions by NATO headquarters concerning the retraction of German promises made have become unanswerable. Marx talked about an uneasiness in view of Bonn's defense policy and defense planning. "The people in responsible positions must show greater interest and dedication." Marx announced that the investigative committee "may" complete its work in September. Deputy Inspector General Heinz, Armaments Planner Eberhard, Inspector of the Air Force Obleser and primarily Defense Minister Apel remain to be heard. Then the Bundestag can discuss the committee's final report by the end of October or at the beginning of November.

SPD Deputy Horn thanked CDU politician Marx for his "objective and fair" leadership of the investigative panel. According to Horn the interim report revealed that until mid-November 1980 Apel "knew neither about the exact amount nor about the legality of the industry's increased claims." Rather, the information Apel possessed concerned long-range planning. In January and February 1980 potential "funding deficiencies" of Tornado costs came to light. After various deductions these overruns amounted to only 180 million marks and their size was "not large enough to tell a minister about." In July 1980 a claim revealed for the first time that knowledge about a 600 million mark overrun was withheld. Up to July 1980 nobody had any knowledge of it. Apel was informed in November. While Horn absolved Apel of any personal responsibility in the matter he found "shortcomings in the Defense Ministry's handling of the Tornado program." The investigation revealed clearly that it was impossible to modernize all services simultaneously. The committee's work also revealed the necessity of keeping the Bundestag informed at an early stage about the financial feasibility of defense projects. "The responsible officials in the Defense Ministry should inform their superiors about problems at an early stage and when need be insist on seeing the minister." The SPD advocated strengthening the hand of the inspector general in matters of overall planning in the interest of better coordination of planning by individual services. Horn gave the assurance of complete combat readiness of the Bundeswehr. The complaints raised by Inspector of the Air Force Obleser about the repercussions of the fuel shortage were disproved by Apel, the inspector general and the inspectors of the army and the navy. The defense potential of the Federal Republic has not diminished.

FDP Committee Reporter Jung complained that now the work of the investigative committee will drag on even longer. "At least no difficulties were encountered in concluding the hearing of witnesses before the summer recess." These consequences of the Tornado cost overruns have to be expected: While the appropriation by the parliament of additional 265 million mark to the 1981 budget may temporarily right the wobbly Tornado this measure represents no solution to difficulties which will occur in the medium and long term. The Bundeswehr has arrived at a crossroads by having its combat potential reduced by for example the loss of the Roland anti-aircraft rocket for the air force.

MOTORIZED FRG GLIDERS USED BY SYRIA AGAINST ISRAEL

Hamburg DER SPIEGEL in German 6 Jul 81 pp 48, 49, 51

[Text] Motorized gliders are being employed in the guerilla war against Israel. The devices are being built in the FRG.

From Mount Hermon in Syria they glide down onto Israeli territory in the direction of Haifa. Or they float in from southern Lebanon.

Sometimes only 30, sometimes 100 meters above the desert sand or coastal paths, they operate unnoticed below military and civilian radar: Palestinian guerilla fighters with handheld rockets and incendiary bombs. Their targets: refineries and munitions dumps, kibbutzes and transport vehicles.

The attackers are belted unprotected in airy reclining seats with four-point harnesses; behind them is a small engine with a plastic fuel tank; above them 15 square meters of wing; under them a parachute and a tubular framework with three rubber wheels; in front of them a tiny instrument panel.

These primitive looking devices are called "Firebird M 1," and they are taking off in increasing numbers, principally in Middle Eastern countries--not simple sports gliders any more, not yet small airplanes: motorized hang gliders, dwarves in a promising species in air transportation, i.e., "ultralight motorized gliders" (airman's jargon).

The future of the "Firebirds" has already made a strong start, in the Middle East with military components, in South Africa or New Zealand with civilian components, in the FRG with a test program under a contract from the Ministry of Transportation --and, far more important, internally with tests and modifications for the Bundeswehr.

For the "Firebird" is Made in Germany. The inventors, designers and manufacturers are located in the small community of Seeg in the Allgaeu, near Nesselwang.

There, on the Hitzlerieder Strasse, technician Fritz Schweiger and industrial salesman Eberhard Jehle have been running a flourishing glider export trade along with a kite-glider flying school and an accessory business for 6 years.

Their company, "Firebird Products," at first only a small competitor in the sporting goods industry, has become in the last year a startup partner for customers from all over the world, who have highly diverse motives.

"We stumbled into a gap in the market," is the happy reaction of Jehle, who is already having to think about expansion, new production facilities and capital investors.

Schweiger and Jehle made each other's acquaintance in the army; they did their military service and training in a highly qualified crack company at the Bundeswehr sports academy in Sonthofen. Afterwards, they stayed together in civilian life; both of them are active ski racers and state-certified ski teachers. They have taken their private pilot's license (PLL) and glider flying teacher's certificate.

In the beginning boom of glider flying, they first bought the aluminum poles and canvas at home and abroad. Assembly was carried out in Schweiger's home community of Seeg, but since then they have added their own factory to make wings. Four motorless glider models ("hang gliders") were laid down, among them a training glider for beginners and the high-performance "Firebird" gliders C 11 and C 12 for advanced and experienced winch pilots.

Through competitions and respectable long-distance flights, the glider pilots from Seeg soon acquired a good reputation internationally. In 1979 there were six Syrians among the foreigners who were being trained as glider pilots in the Allgaeu--the beginning of a sports and trade link with unsuspected technical and political consequences.

The Syrians, who rapidly became enthusiastic fliers and were cash-down purchasers, invited Schweiger and Jehle to Syria to train their countrymen on the spot on the German machines. Practice was held on Mount Hermon with "ideal thermals" (Jehle), and a son of Syrian President Assad became one of the most accomplished glider pilots.

After this, monied clientele contacted them one after the other, for example, from the oil states of Bahrain and Kuwait and also, a short time ago, from Iraq. The Syrians were the first to modify the fabric gliders from the Allgaeu for special purposes: They added small engines and thus made the pilots largely independent of high-altitude runways and wind conditions. The gliders were controlled in the same way as before, with the body hanging in the frame.

"We rejected that as too risky," says glider expert Jehle, "the wings are too flexible, the tension is too light, that makes for problems in trimming and banking." But the Syrian variation inspired the young friends to build the "Firebird M 1"--the "M" stands for motorized.

Using their own technician and engineer, the fabric was reshaped over 10 spars into a rigid wing--with a wingspan of 10 meters. A 28-horsepower, 3-cylinder radial was bought from the Koenig Company in Berlin, weighing only 28 kg with the exhaust system and which runs extremely quietly at a maximum speed of 3,600 rpm.

Including the noise of the rigid wooden propeller, the sound level reaches only 65 dBA. (The interior noise level of high-price sedans is between 70 and 80 dBA*). There are three methods of control: the same way as in a motorless glider, by transferring weight across the transverse axis, then through two manually controlled elevators and finally by altering engine power output.

* Decibel A = measure of noise level; an increase of 10 dBA means a doubling of the subjectively experienced volume.

The new "Firebird" model, developed and tested in 1980, with the first series laid down at the beginning of 1981, was an immediate winner. Besides various other foreign orders, 50 went to Syria right away. The shipments, in wooden containers, are each accompanied by a training pilot from Seeg, who also directs assembly in the country of destination. The next delivery to Arab states is to be 100 "M 1s."

At a price of only DM 12,000, including V.A.T., Firebird Products delivers a flying machine whose universality of use satisfies almost every wish and which could mark the way to the Everyman-Aircraft:

--With a fuel consumption of only 6.5 liters, the motorized glider can remain in the air for 3 hours and reach a speed of 80 km/hour; ideal cruising speed is 60 km/hour.

--The takeoff strip only has to be 25 to 30 meters long; only 2 or 3 meters are required for landing with the 3-wheel undercarriage, on a highrise building or tennis court, meadow or footpath.

--The whole craft weighs only 60 kg and is packed into a 3.8-meter long bag designed for the car roof; the engine is stowed in the trunk. Complete assembly takes 25 minutes at most.

--A "Firebird" pilot can carry up to 60 kg of cargo, for example weapons or herbicide, rescue equipment or spare parts, radio equipment and searchlights.

Not long ago, on a photograph from Israel, Jehle was unwillingly forced to acknowledge what else the allround gliders from the Allgaeu are capable of: In northern Galilee the Israelis had forced a motorized glider to make an emergency landing; the Palestinian pilot allegedly planned to attack a Jewish school and take children as hostages. Jehle was startled: "That really could be our Firebird M 1," he said.

When subsequently a second guerilla fighter was shot down over the sea, this one planning to set an Israeli refinery on fire with a handheld rocket from his suspected German glider, Jehle still said that he could "not imagine that our sports equipment has suddenly become a primitive weapon of war, and against Israel at that."

Schweiger and Jehle, who fly each "Firebird" before delivery, cannot follow the path finally taken by their products. Their business partner in Syria, who also arranges for buyers in other Eastern countries, always resolutely maintains there are no Palestinians among the "sportsmen" to whom sales are made.

As a precaution, Jehle is protecting himself against any suspicion that, unintentionally, but also without hindrance or checks, he is delivering potential war material to crisis areas: "If someone uses a Mercedes for a bank robbery, Daimler-Benz cannot be described as an accomplice or helper."

In actuality, the two Bundeswehr veterans are naturally aware of the military use of their inexpensive firebird, it is no accident that they have been quietly cooperating with the Bundeswehr test facility E 61 in Manching, Bavaria, as well as with the Office for Defense Technology and Acquisitions.

The Bundeswehr sees in the use of the "Firebird" interesting opportunities for their remote observers, the Information Service for espionage purposes. Jehle describes

possible actions in more detail: "Land at night, pack the equipment and bury it, complete the mission in hours or days, dig it up, assemble it and take off." An additional advantage: "A paratrooper can't get back again--we could."

It comes as no surprise that "military inquiries from all over the world" are coming into Seeg, for coastal patrols and for observation of illegal immigrant boats, but also for concrete civilian employment of the quiet "Firebird 1": from doctors in South Africa, from owners of extensive property in New Zealand and South America who would like to have cattle and pastures inspected from the air. But the gliders could also be far better suited to rapid water surveillance than expensive and extremely noisy helicopters.

The things look like the flying machines of Otto Lilienthal or the Wright brothers, but as far as material and aerodynamics are concerned, they are in the forefront of modern technology. What motorized gliders can achieve was demonstrated, for example, on Easter Monday last year by Marco Broggi from the Tessin. With a hang glider--a "Daedalus" with a 15-horsepower engine--he flew across the St Gotthard pass in 135 minutes, from Altdorf in Switzerland to Leventina in northern Italy.

The Ministry of Transportation has so far taken only a casual interest in the refinement and expansion of the "ultralights," which, with the other manufacturers' types, are permitted to take off officially from German soil only as part of a test program and from six airfields. A ceiling of 150 meters from ground level must not be exceeded, because otherwise regular air traffic could be hampered. A few other airfields tolerate the motorized gliders because they are already accepted as part of flying of the future.

But the glider manufacturers of Seeg and at least 150 other "illegal flyers" (Jehle) are already taking off and landing behind their own homes or on a mountain in the Alps; in their low-level flights they keep meticulously accurate watch for military control zones on special maps; between the Allgaeu and the hang glider test site in Malsheim near Stuttgart alone, 10 restricted areas have to be flown around.

The 2-year test program ends on 31 October this year, the running of which the Ministry in Bonn had handed over to the "German Hang Glider Association" (Headquarters in Tegernsee, 2,200 members with a glider or private pilot's license). Only then do representatives of the Ministry of Transportation, the Office of Air Travel and the interior ministries of the Laender want to make any decision about registration and conditions.

So far "Firebird," "Greyhound," and "Daedalus"--the most popular types in this new category--are not yet required to be mechanically certified and registered, no thorough model check takes place at the Office of Air Travel. In Switzerland, the "flying mopeds" are banned, motorized hang gliders there are stopped and confiscated. The pilots, who incidentally include record setter Broggi, are prosecuted.

But the progress of "Firebird" and similar types now seems to be unstoppable, even if, as Jehle fears, an expensive technical check by the Air Office were to drive the price per unit up to DM 20,000. It is certain that a simplified pilot's license will be required, the B-certificate for gliding and theoretical PLL knowledge are already conditions.

In Seeg and elsewhere preparations are under way for rapid improvement and expansion. At one company on Lake Constance, experiments are being conducted on a glider weighing only 35 kg, with a 6 kg electric motor. In Seeg, a two-seater "Firebird" and the plastic model of a cabin-like plastic fairing for the seat and the engine are already set up.

Some thought is also being given to all-weather operation: The rubber wheels of the "M 1" are soon to be interchangeable with floats for takeoff and landing on water and also with skis. All the aluminum parts like the bracing spars are already being replaced with tubing of carbon fiber, because, according to Jehle, "this material doesn't respond to radar at all."

9581

CS0: 3103/364

'AVRIANI' DAILY CHARGED WITH EXPLOITING VENDORS

Athens AKROPOLIS in Greek 21 Jul 81 p 3

/Text/ At a press conference yesterday noon at the King Palace Hotel, the administration of the Federation of Greek Newspaper Vendors /OEE/ accused the daily AVRIANI of taking an ethically and financially unacceptable stand, as it characterized it, against the newspaper vendors.

Protesting vehemently, OEE President Dim. Panousopoulos told the representatives of the press, in the presence of spokesmen for the Union of Athens Daily Newspapers and the Union of Press Technicians, of the way AVRIANI's publisher exploits the newspaper's vendors by presenting the 5-drachma price per copy presumably as his contribution to the reading public while in fact this low price is the result of AVRIANI's paying only 1 drachma instead of the regular compensation of 3 drachmas /per copy/.

Panousopoulos said that it is not possible for this incredible situation to continue at the expense of the vendors who work hard in all weather condition and in accordance with their inviolable principle to offer their services for the circulation of all newspapers without exception and in a fair, equal and objective way. He accused AVRIANI of avoiding for 3½ months now to negotiate with the vendors the matter of compensation and of publishing inaccurate and misleading information about the dispute thus creating an unprecedented deadlock.

OEE denounced the challenge AVRIANI published (11 June 1981) forcing the vendors to increase its circulation to 60,000 copies (in order for them to receive 30 percent of the price) and to 80,000 (in order to get 40 percent of the price /per copy/)!

During the press conference OEE representatives distributed to newsmen photocopies of the slanderous, as they characterized them, articles AVRIANI published as well as copies of a memo by the OEE administration which the newspaper refused to publish.

The OEE memo referred to the background of its efforts to find a solution just as it did in the case of RIZOSPASTIS which decreased its price per copy (from 15 to 12 drachmas) but promptly met the difference in the compensation of vendors without harming their interests.

Finally OEE warned AVRIANI that it is determined to continue the struggle, even to declare a strike in order to protect the interests of its members.

Proposals

On the occasion of the press conference the OEE administration referred to the problem of newspaper circulation and pointed out the dangerously low circulation of newspaper and periodicals in Greece compared to that in other European countries.

OEE proposed a Pan-Hellenic campaign for an in-depth enlightenment of the public through the implementation of a comprehensive program of human and public relations between the press and the citizenry.

7520

CSO: 4621/52

PRIVATE TEACHERS OPPOSE FOREIGN SCHOOLS

Athens ELEVTHERTOTYPIA in Greek 21 Jul 81 p 8

[Text] The Federation of Greek Private School Teachers [OIKLE] radically disagrees with the opinion of the State Legal Council [ASK] on the question of establishing in Greece foreign schools by natural or legal entities from the EEC area. It considers as unconstitutional and detrimental the granting of the right to foreigners to establish schools for the following reasons:

- a. The Rome Agreement does not hold the Greek state under obligation to accept the establishment of schools by foreigners because it exempts from the provisions concerning the establishment of enterprises [by foreigners] the operations connected "even incidentally with the exercise of public authority." According to article 16, paragraph 2, of the Greek Constitution, education constitutes a basic mission of the state. It, therefore, falls within the operations connected directly, not even incidentally, with the exercise of state authority.
- b. The same article of the constitution states that the objective of education is such that it bars foreign agents from establishing or even seeking the establishment of foreign schools even if article 52 of the Rome Agreement is implemented albeit superficially.
- c. Article 28, paragraph 1, of the constitution provides that "the implementation of international agreements is always carried out under the condition of mutuality." However, in the case of establishing foreign schools mutuality can exist only in the spirit of the agreement.

For other reasons, too, but mainly because the Greek language is today spoken only-- or almost only--by Greeks, the establishment of general education Greek schools in other EEC countries for children of their citizens is not feasible. This fact is not about to change just as, for instance, the quality of Greek farm or industrial products will change. In addition, it would be unrealistic for Greece to establish schools for the children of foreign citizens when the Greek children in Germany and those of Greek minorities in foreign countries are in danger of being de-Hellenized.

- d. The fact that in Greece the right to establish schools is given to Greek citizens does not mean that their functioning is not controlled by the state. The state maintains control of their operation and grants proprietorship only incidentally but never grants to private initiative the exercise of authority.

e. OIKLE considers as unconstitutional the existence of private education schools because it is contrary to the term "free education" and anti-democratic because it creates inequality of opportunities. It believes, moreover, that state education should be restructured, developed and enriched to such an extent as to cover all educational needs both from the viewpoint of educating a person and from the viewpoint of preparing him for professional work.

f. Finally, OIKLE emphasizes that, "even though it believes that cultural exchanges with EEC and other countries are useful, it nonetheless believes that the establishment of foreign schools in Greece is culturally detrimental because it leads to intellectual submission which opens the way to economic and political dependence." OIKLE is asking the government not to accept the NSK opinion and not to seek--hastily on the eve of elections, moreover--implementation of a measure which from all points of view is preposterous and destructive.

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CSO: 4621/52

SOCIOECONOMIC CHANGES BETWEEN NORTH, SOUTH 1977-79

Rome POLITICA ED ECONOMIA in Italian Jun 81 pp 33-40

[Article by Vaifra Palanca: "CESPE: Some Research on National Imbalances"]

[Text] Current scientific and journalistic debate on national [economic] imbalances provide cause for optimism and concern about the Italian economy. On the one hand there are early signs of a local entrepreneurship in the South, and on the other hand there are reports of the first symptoms of crises in small and medium businesses¹. The aim of this study is to contribute to the debate by analyzing changes that took place over the past 3 years (1977-1979) in the socio-economic structure of the provinces, with special attention to the peculiarities of the productive structure and to the corresponding standard of living. For this purpose an analysis was made of the statistical series on consumption of electrical energy—along the lines of the work by G. Lizzeri²—and on the use of telephone services. These were adopted as measures of economic development.

This study is divided into two parts: The first consists of an analysis of the consumption of electrical energy and the spread of telephone service in relation to the industrial structure of the provinces, with particular attention to the presence of productive micro-units and to the role they play in economic development. The aim of the second part is to determine the standard of living in relation to the productive structure, and to other characteristics of the provinces such as urban concentration, through the same indicators.

Consumption of Electrical Energy

The analysis of the productive structure of the provinces is limited to the industrial sector since this is now the activity that determines economic progress.

Used as the indicator of the productive structure was the consumption of electrical energy in industry since this input into the productive process represents different values in relation to the type of production, the technological level, the work schedule.

In Italy overall consumption for industrial use in 1979 was 98,745,388,000 kilowatt hours, equal to 63.11 percent of total consumption. The provincial portion of these data emphasizes the characteristics of the economic structure of each area, and particularly the locality of businesses which are distinguished according to productive sector. It should be noted that in the provinces of Rome, Palermo,

Reggio Calabria, Benevento, Viterbo, Imperia, Lecce and Trapani, which are characterized by an intersectoral integration of the local economy, the amount of electrical energy consumption by industry is lower than the national average. It is higher than the national average in the provinces that have a consolidated industrial sector consisting of metal working and mechanical industries and/or means of transportation; or by provinces in which industry--particularly the chemical, petrochemical and steel industries--are an important but not decisive part of the local economy. Provinces that fall into the first group are Milan, Turin, Varese, Como, Bergamo and Brescia. Provinces in both the north and the south are contained in the second group: Mantua, Trento, Bolzano, Udine, Belluno, Venezia, Ravenna; the center: Massa Carra, Leghorn, Terni, Frosinone; and the south: Taranto, Brindisi, Matera, Caltanissetta, Syracuse.

The clear distinction between these two groups of provinces appears also when an attempt is made to determine whether higher electrical energy consumption means also higher contribution to the growth of the local economy in terms of new jobs or higher value-added production. In the first group of provinces there is a relationship between the consumption of energy and workers in the sector equal to or lower than the national average, together with a low relationship between energy consumption and value-added production. It seems therefore that high energy consumption corresponds to a positive contribution to the creation of wealth. Compared with a national average of 11.91 percent in the former relationship, and 1.60 percent (Table 1) in the latter, the data relative to the provinces in question are respectively: Turin, 11.30 and 1.29; Milan, 8.93 and 1.20; Varese, 11.95 and 1.28; Como, 9.76 and 1.24; Vicenza, 8.70 and 1.25; they are higher in the provinces of Bergamo and Brescia: 17.74 and 1.46 and 28.02 and 1.67, probably because of the steel industry.

In the second group of provinces both relationships are higher than the national average, showing a low contribution to the local economy of the use of electrical energy in the industrial sector. As examples, we report only the data regarding some provinces: Mantua, 25.70 and 2.11 percent; Trento, 22.54 and 1.83; Venice, 37.75 and 2.40; Leghorn, 47.73 and 2.08; Brindisi, 27.79 and 2.97; Matera, 19.87 and 1.79; Caltanissetta, 59.68 and 3.04 and Syracuse, 64.56 and 3.29.

The negative, or at least not positive, influence on the local economy of these situations is clearer if it is considered that the provinces of southern Italy belonging to this group, that cannot count upon economic resources and industrial, agricultural, or tertiary complementary industries, have levels of per capita income which is among the lowest of the Italian provinces.

Taking all these provinces together, it is not possible to delineate a compact area of the inflation. They simply represent the nerve centers of the Italian chemical and petrochemical industry independently of where they are located.

Telephone Service

If it is possible to generally trace the Italian industrial structure with particular reference to sectoral characteristics by studying the national distribution of electrical energy consumption, interesting information, complementing the former data, on the economic activity of these areas can be inferred from the

series of statistics regarding telephone hookups. Separation by type of service involves a heading under which can be classified all the hookups referring to productive units of any kind: industrial, business and agricultural. These data are very general considering the differences, from an economic point of view, between productive activities, but they are very interesting considered as indicators of a general economic vitality. The telephone is not a necessary input in the productive process, such as electrical energy, but rather a collateral service, an extra convenience that improves and facilitates work.

In 1979, the main telephone hookups in the production sector totaled 2,291,873 nationally. The highest share, equal to 37.43 percent was in the northwest, followed by 24.03 percent in the northeast, by 20.01 percent in the center and by 12.16 and 6.37 percent respectively in the south and the islands. Comparing these data with those relative to the national separation of electrical energy consumption in industry, considerable differences are noted in the distribution of the quotas in each area, justified by the fact that the number of telephone hookups and electrical energy have an opposite relationship with the productive structure or an identical development model. In fact, it turns out that in the northwest there is a concentration of 37.43 percent of telephone hookups against 39.61 percent of energy consumption; in the northeast and, in a clearly more important manner in the center, there is instead, respectively, 24.03 and 20.01 percent against 22.08 and 13.26 percent. In the south there is again a reproduction of a situation of a higher share of energy consumption compared with the number of telephone hookups. This is perfectly compatible with the industrial structure of each province, as is partially shown by the data reported earlier and by other empirical research. By way of example, there is a greater concentration of telephone hookups in areas with an industrial structure based on small and medium business which, on the other hand, in general have a kind of production that uses little electrical energy, and vice versa in other areas.

This is seen also in Chart 1, which lists all the provinces showing telephone hookups relative to productive activity and the level of total value-added. The central and eastern Italian provinces are located in the upper part (in relationship to the bisector) and have a higher number of telephone hookups compared with level of income in addition to the minor provinces of the industrial triangle.

Provinces with a regional capital appear to be isolated compared with the others. This is probably because this involves the presence in the area of an urban center that acts as a point of reference for the surrounding cities and towns, and therefore has a higher concentration of business, and often also directly productive, activity.

Partially exemplifying the distribution of the provinces in the preceding chart are the data, including telephone service for producers at a reduced rate, exclusively referring to artisans and farmers who own and occupy the land. Use by the latter totals on the average barely 20 percent of reduced-rate hookups and therefore we will call them handicrafts service.

The handicrafts enterprise is the most widespread legal form taken in the initial phases of local industry in relation to business enterprise. The fundamental characteristic is the broad diffusion in sectors such as textiles, shoes, the

electronics industry (assembly phase), which do not require large capital investment, high technology and large amounts of electrical energy. However it is to be emphasized that despite the dimensions such enterprises can be fairly large from the production point of view.

Telephone hookups for handicrafts industries represent 30.45 percent (Table 2) of all hookups in the national manufacturing sector; there are notable differences between the data if they are related to geographical areas: The northwest represents the highest concentration (40.73 percent), followed by the northeast (32.91 percent), the center (24.84 percent) and the south (18.20 percent). Figures for the south and the islands are identical.

If we descend to the provincial level of analysis, we note that all the areas with a high consumption of electrical energy in industry, whether located in the north or the south, have a low rate of handicrafts telephone hookups except for the provinces of Bergamo, Brescia, Vicenza, Udine, Ravenna and, to a minor degree, Como. The latter are part of a territorial continuum which, through the Po Plain, extends from Cuneo to Rovigo, including the provinces of Ferrara, Forlì, Modena, Parma, Piacenza and Reggio Emilia. There is a high use of handicrafts telephone service in the province of Ascoli Piceno (49.35) and Macerata (51.39) and in some Tuscan provinces such as Grosseto (44.13), Arezzo (43.06), Pistoia (47.23) and Pisa (39.03), roughly matching the entire area of the underground economy.

From central Italy onward, there was noted almost in decreasing order only low figures compared with the national average except for the province of Teramo (37.99), Viterbo (35.63) and Rieti (32.69). In those cases the figures are slightly higher than the national average. Evidence of the existence of local enterprise in the south is very recent.

However, if we observe the rates of variation both of electrical energy consumption in industry, as well as this specific category of telephone service in the period 1977 to 1979, we note evidence which partially confirms the optimism regarding certain areas of the southern economy.

Dynamics of Production From 1977 to 1979

We are making the assumption that in the short term the productive structure of Italian provinces is constant and we consider rates of variation of consumption of electrical energy by industry as an expression of the dynamics of productive activity and more generally of economic conditions.

On the national level, from 1977 to 1979, the increment of electrical energy consumption by industry was equal to 6.95 percent. This was attributable to a greater degree in the center (11.33 percent) and in a decreasing order, in the northwest (9.01), in the northeast (7.81) and in the south (2.05). The contribution of the islands is negative (minus 0.95 percent). Analyzing the data thus gathered does not seem to warrant conclusions different from those that have by now become commonplaces regarding progress of the Italian economy: All too clear are the advantages of the center and the north compared with the south. However, if we make a more detailed analysis of the rates of variation by province within each area, we can detect different dynamics in relation to the socioeconomic

characteristics of each. These data, too, show a distinction between provinces with an industrial structure with high energy consumption and those with an industrial structure with low energy consumption. The former show rates of variation above 10 percent (6.95 percent being the national average) for the provinces of Cuneo, Bergamo, Brescia and Mantua in the northwest; Belluno, Rovigo and Udine in the northeast; Massa Carrara, Leghorn and Frosinone in the center. No southern province appears.

More numerous, in general, are the provinces of the second group with high rates of variation in the consumption of energy (more than 10 percent). In particular, there are the provinces of Vercelli, Sondrio and Cremona (northwest); Vicenza, Treviso, Pordenone, Padua, Parma, Modena, Forli and, slightly below the average, Reggio Emilia and Bologna (northeast); Pisa, Pesaro, Ancona, Macerata, Ascoli Piceno, Viterbo and Latina (center). In this case there are numerous southern and island provinces: Teramo, Chieti, Isernia, Caserta, Benevento, Avellino, Salerno, Foggia, Lecce, Trapani, Catania and Oristano. Generally considering these provinces within each geographical area, there is noted a broad area of potential development, of economic vitality from which are excluded the provinces with high energy consumption and low value-added. According to these data, it appears that in recent years a positive contribution to economic growth was made by the provinces of the northeast, the center and the south, having a production structure consisting of small and medium industries. A fact that emerges sharply is that in the south there was no direct contribution to the development of the provinces which were the headquarters of large chemical and steel industries. The provinces of Brindisi, Potenza and Matera to which are added Rieti and Gorizia, have actually registered negative rates of variation of industrial energy consumption. This was a sign of the inflation that led to a redimensioning, and in some cases to the cessation, of production with consequent resort to the aid fund, and to increased unemployment. This situation is reported with alarm even this year by some notes on the economic cycle issued by the Chambers of Commerce. Meanwhile, judgments expressed on progress of production in the province of Rieti, where there was also an increase of productive units, was reported. The same phenomenon was seen by E. Pontarollo in the province of Avellino and to a minor degree at Cosenza.

Data complementing those so far presented are drawn from rates of variation regarding the number of handicrafts units. Increments that are higher than the national average (20.74 percent) are noted almost generally in the provinces of the northeast, the center and in some provinces of the northwest. Particularly noted are the provinces of the Veneto: Treviso, Verona, Venice and Vicenza, all the provinces of the Friuli, except for Trieste, the provinces of Emilia-Romagna, excluding Bologna; Arezzo, Grosseto, Leghorn, Pistoia and Siena in Tuscany; the provinces of the Marches, Perugia and all the Lazio provinces. Thus we have a perfect delineation of the "Third Italy" area.

Among the southern provinces variations are noted that are higher than the national average in the provinces of Matera, Taranto, Lecce, Foggia, Bari, Sassari, Oristano, in addition to the provinces of the Molise and all of Abruzzo.

Probably these are the signs of an economy that is not entirely in a state of crisis. Rather, if to these data are added the sociological sketch of the new southern entrepreneur described by Pontarollo (ex-emigrants, ex-farmers, ex-skilled workers who decide to start a small manufacturing business), it could be

believed that signs of a recovery in the south are not entirely fictitious. Perhaps it is too optimistic to think of a self-propulsive growth of the local economy but it might not be entirely unrealistic to think in terms of an induced entrepreneurship that should be supported and given incentives. For example it can be noted that among the provinces which in the south have achieved high rates of variation in handicrafts telephone use, the Province of Matera has registered at the same time a rate of growth in per capita income that was notably higher than national average in the 1970's thanks to those enterprises which today are in a state of crisis, but which perhaps contributed to breaking a socioeconomic balance that was achieved at a subsistence level. Summing up, we can say that in the south, as in the rest of Italy, a crisis exists in the areas whose industrial structure consists of sectors that are in crisis independently of their location, while embryonic development is seen in local microactivity.

National Diversification and the Dynamics of the Standard of Living

For the purposes of analysis, there was a purposeful separation of the economic-production from the economic-social aspect of national diversification. In reality we are speaking of complex situations in which the two aspects are fused and they influence each other, producing in each province--but also on more separate levels --a specific model of balance.

Comparing the analysis of indicators of production with that of indicators of the standard of living, it is difficult to single out a general interrelated model, aside from the peculiarities of each zone, which could in some cases be of an economic character, in others social, in others political, etc. For this reason, in the analysis of data gathered as indicators of the standard of living, we must refer continually to other aspects of the socioeconomic reality relating to it what emerges from statistical data. Standard of living indicators were drawn from domestic electrical consumption and the spread of the telephone to homes, on the supposition that a higher standard of living is accompanied by a higher level of electrical energy consumption and a greater number of telephone hookups.

In 1979 in Italy electrical consumption for domestic use was equal to 23.39 percent of the total consumption of energy: In the northwest that amount was barely 18.61 percent; in the northeast 19.81 percent; in the south 27.62 percent; and 32.10 percent in the center. The same scale is obtained if we consider the average consumption of electrical energy for home use, by the number of users, therefore excluding all consumption gathered under the preceding heading concerning illumination, stairways, water pumps, elevators, central heating plants, which could result in a greater weight attributed to the national separation of consumption in those areas in which the rate of urbanization and demographic concentration is higher. In the northwest, consumption was 1,550 kilowatt hours per user (equal to 0.92 percent of the national average); in the northeast 1,669, (0.99); in the south, 1,618 (0.96); and 2,033 (1.24) in the center. These values do not at all conform to what could have been expected, with a minimum knowledge of the average income level in the provinces. Evidently, in addition to income, other factors of a structural and social character join in determining average user consumption. One of those which contributes to altering national diversification of consumption of energy for home use is the presence of a second home in resort areas, which is included in the calculation of average consumption.

This problem gave us a group of provinces—including Trieste, Genoa, Savona, Rieti and Sondrio—with very low consumption compared with high income levels. In order to circumvent this difficulty we preferred to report in Chart 2 the provinces according to an immediate identification of the relative position of each, placing the level of 1978 per capita value-added on the abscissa and the level of energy consumption per inhabitant on the ordinate. The grid of average values divides the chart into quadrants.

A correlation can be seen immediately between income level and energy consumption. However, groups of provinces are seen in which it seems there is a different relationship between income and energy consumption, probably mediated by other factors. A careful consideration of the provinces situated in the same area, far from the correlation line suggests two hypotheses: In one case, work at home, in the other, the climate, as factors determining an alteration of energy consumption for domestic use.

The first hypothesis refers to the provinces in quadrant 2, with high energy consumption and high income. That area includes the provinces of Pisa, Florence, Leghorn, Pistoia; close by is Grosseto, that is provinces in which empirical research has shown the presence of a strong diffusion of work in the home. In these cases, electrical energy consumption attributable to domestic use is a symptom on the one hand of a higher standard of living, but on the other of a deterioration of the quality of life if those quarters contain both home appliances and manufacturing machinery.

It is difficult to explain only on the basis of income also the high energy consumption in the province of Aosta which could more directly be tied to high production of electrical energy and therefore to a greater availability for consumption.

The province of Rome was purposely neglected since, despite the presence of business tied to the clothing sector, therefore possible sources of work at home, it is believed that a situation exists which is closer to that in the provinces in quadrant 1: Naples, Cagliari, Sassari, Syracuse, with a lower income level than the national average and a higher level of electrical energy consumption per inhabitant. In these cases it can be hypothesized that there is an alteration of domestic consumption of energy attributable to the antiquity of the historical centers which generally are marked by a lack of equipment for heating favoring use of electric stoves.

The presence of southern provinces in quadrant 4 is notable. There low income is accompanied by low energy consumption, and this probably corresponds to a low standard of living.

Once a relationship has been established between the positions of the provinces according to these variables, there is a confirmation of the national diversification of the "domestic comfort" in relation to diversification of income; it seems however that more favorable conditions are noted in the provinces of Tuscany, Emilia, and in the small provinces of Lombardy and the Piedmont.

This picture is completed by the analysis of telephone hookups per province. In Italy in 1979 there were 9,175,741 main hookups for homes, corresponding to the

number of service contracts, equal to 21 telephones per 100 inhabitants. In this case too the national analysis shows an unequal distribution of the phenomenon. Considering the relationship between the number of telephones and the number of families (Table 2) it is noted that in Italy 50.42 percent of families have a telephone: 60.68 percent of the families in the center; 57.11 percent in the north; 44.09 percent in the northeast; 44.59 percent in the islands; and 40.25 percent in the south.

Among the socioeconomic characteristics linked to this type of distribution the simplest to be noted is the distribution of income level. Chart 3 shows a relationship between the number of telephones per family and the value-added figure per inhabitant. However, there are many cases in which in addition to income this phenomenon is affected by other variables among which the most frequent seems to be the rate of urbanization.

However, the hypothesis remains confirmed that in the provinces with higher income there is a higher standard of living; in fact we find a higher number of telephones used in the province of Tuscany, of Emilia, and among those with incomes lower than the average in the provinces of Naples and Palermo, followed by Catania, Pescara, Syracuse and Trapani.

A curious fact, but perhaps more importantly tied to "domestic comfort" is the presence of extra telephones in homes. In Italy there are 21 per every 100 principal telephone connections; in the province of Mantua, the figure is about 65 and in a decreasing order from 32 to 27 at Sondrio, Grosseto, Cuneo, Asti and Pisa. In the south the provinces of Aquila, Chieti, Pescara, Teramo, Isernia, and Agrigento have from 32 to 27 additional telephones.

In any case, it appears that some changes have taken place over the past 3 years also in reference to consumer goods. From 1977 to 1979 the average energy consumption per user increased from 11.73 percent (Table 1) to the national level: The highest rates of variation were found in the south (12.74 percent) and in the islands (18.76 percent), slightly lower in the center (11.64 percent) and in the north (with 9.96 percent). The provinces most involved, with an increment that is twice the national average, are in decreasing order: The Sardinian provinces, Caltanissetta, Ragusa, Chieti and Viterbo; these are followed immediately by the provinces of Perugia (23.39), Rovigo (22.72), Ravenna (23.10), Isernia (22.64), Agrigento (22.15) and Enna (21.96). Almost all are southern provinces. Signs of faster growth in the southern provinces are also seen in the rates of variation for telephone service per home. There are very high increments in the provinces of Nuoro, Oristano, Agrigento, Lecce, Avellino, Isernia, L'Aquila, Teramo, and Chieti, with rates of variation around 25 percent compared with the national average of 13.62 percent. Notable in the rest of Italy are the provinces of Frosinone, Viterbo, Rieti and Latina in Lazio; then Caserta, Macerata, Arezzo and some provinces in Friuli and the Veneto.

Such high variations in the southern provinces are certainly justified by the low satisfaction of demand now made possible however by adequate economic development. A comparison of variations in the statistical data referring to the productive structure demonstrates that in some provinces, particularly in those of the islands, of Calabria, of Basilicata, Brindisi, Taranto, Bari and Naples, the

variation in the standard of living, compared with the average, are positive and higher than the variation referred to the corresponding productive structure. This is a particularly positive index of the trend in the standard of living, the more so if we consider that the index of telephone users is referred to a consumption level that is above the mere subsistence level, that which could be present in any situation.

It seems possible to say, therefore, that the process of raising the southern socioeconomic structure to a higher standard of living does not directly follow the tempo and intensity of the productive structure, since the role played by the degree of exposure of each province to the flows of information from outside, that is, in this case from higher consumption models, is not secondary.

To render the differences in variation (1977-1979) of the productive structure and standard of living visibly understandable, we have reproduced them in Chart 4 in relation to a sample of provinces with different characteristics. The first histogram consists of variations (a) of energy consumption by industry and (b) of handicrafts telephone service; the second by variations (c) in the consumption of energy per user and (d) number of telephones per home. The sample consists of provinces having: (1) high levels of income and low rates of development from 1970 to 1978; (2) high levels of income and high rates of development; (3) low levels of income and high rates of development; (4) low levels of income and low rates of development. To be noted in the first group is a growth of all indicators contained in the average; in the second a higher variation both of the indicators of economic activity as well as the productive structure; in the third higher rates of increment of the productive structure correspond to higher rates of variation in the standard of living and, finally, in the fourth group there is noted a higher dynamic of the standard of living than in economic activity.

Table 1. Relationship Between Energy Consumption and Manufacturing Value-Added (1979). Percentage Variation of Energy Consumption per User (1977-1979)

Provinces	Amount of energy used by industry in relation to manufacturing value-added (1978)	Percentage variation of electrical energy consumption per user (1977-1979)	Provinces	Energy used by industry related to manufacturing value-added (1978)	Percentage variation of electrical energy consumption per user (1977-1979)
Alessandria	1,57	11,09	Ancona	1,44	14,72
Asti	1,10	13,25	Ascoli Piceno	1,67	20,18
Cuneo	1,68	11,12	Macerata	1,28	17,87
Novara	1,41	6,29	Pesaro-Urbino	1,08	19,88
Torino	1,29	8,01	Perugia	0,70	23,39
Vercelli	1,54	10,23	Terni	2,17	12,36
Aosta	2,23	6,36	Frosinone	1,82	19,77
Bergamo	1,46	9,46	Latina	1,29	6,10
Brescia	1,67	3,85	Rieti	1,14	17,52
Como	1,24	4,87	Roma	1,13	9,65
Cremona	1,54	14,63	Viterbo	1,08	27,39
Mantova	2,14	13,70	Chieti	1,57	29,26
Milano	1,20	5,79	L'Aquila	1,55	16,74
Pavia	1,55	10,29	Pescara	2,27	19,18
Sondrio	1,49	6,70	Teramo	1,67	17,31
Varese	1,28	6,36	Campobasso	1,89	19,59
Genova	1,69	8,99	Isernia	1,09	22,64
Imperia	0,88	9,12	Avellino	1,42	16,42
La Spezia	1,42	8,63	Benevento	1,32	19,35
Savona	2,18	12,20	Caserta	1,99	10,49
Bolzano	2,10	9,57	Napoli	1,42	5,73
Trento	1,83	12,83	Salerno	1,41	13,02
Belluno	2,12	11,76	Bari	1,25	12,83
Padova	1,40	14,29	Brindisi	2,97	15,95
Rovigo	1,97	22,72	Foggia	1,77	17,93
Treviso	1,25	16,51	Lecce	0,80	22,10
Venezia	2,40	10,91	Taranto	1,91	9,23
Verona	1,49	9,62	Matera	1,76	19,07
Vicenza	1,25	9,73	Potenza	1,06	17,63
Gorizia	1,44	8,74	Catanzaro	3,13	17,42
Pordenone	1,17	15,53	Cosenza	1,30	19,55
Trieste	1,94	3,40	Reggio Calabria	1,18	12,14
Udine	1,73	22,53			
Bologna	1,23	-10,65			
Ferrara	2,01	12,43			

[Table continued on following page]

Forlì	1,13	12,47	Agrigento	1,82	22,15
Modena	1,31	9,17	Caltanissetta	3,07	24,37
Parma	1,19	7,48	Catania	0,93	18,49
Piacenza	1,14	10,47	Enna	1,77	21,96
Ravenna	2,45	23,10	Messina	1,62	15,04
Reggio Emilia	1,26	12,49	Palermo	0,99	12,81
			Ragusa	2,85	24,71
Arezzo	1,07	14,68	Siracusa	3,29	11,41
Firenze	1,22	4,43	Trapani	0,96	6,89
Grosseto	1,92	13,29			
Livorno	2,08	12,97	Cagliari	2,37	27,70
Lucca	1,45	9,89	Nuoro	3,02	26,27
Massa-Carrara	1,79	11,98	Sassari	2,13	18,89
Pisa	1,25	23,29	Oristano	0,66	31,06
Pistoia	1,04	7,38			
Siena	1,09	7,31	ITALIA	1,60	11,73

Source: Expansion of ENEL Data

Table 2. Telephone Subscriptions in Production and in Homes (1979)

Provinces	Percentage use of handicrafts telephone subscriptions compared with subscriptions in manufacturing (1979)	Percentage home telephones per 100 families	Percentage variation of home telephone subscriptions (1977-1979)	Provinces	Percentage use of handicrafts telephone subscriptions compared with subscriptions in manufacturing (1979)	Percentage home telephones per 100 families	Percentage variation of home telephone subscriptions (1977-1979)
Alessandria	49,25	46,85	15,67	Ancona	32,39	50,42	17,66
Asti	62,30	40,67	17,14	Ascoli Piceno	49,35	32,18	20,82
Cuneo	57,75	32,76	23,69	Macerata	51,39	36,00	22,70
Novara	41,06	42,43	17,74	Pesaro-Urbino	39,84	35,39	20,37
Torino	29,85	64,28	8,52	Perugia	37,13	41,23	21,03
Vercelli	48,01	46,57	18,03	Terni	33,20	51,73	19,23
Aosta	29,39	53,67	18,24				
Bergamo	40,49	42,48	20,88	Frosinone	17,08	38,45	33,60
Brescia	43,09	32,72	16,86	Latina	18,71	46,40	22,14
Como	39,02	52,86	20,35	Rieti	32,69	48,22	27,89
Cremona	48,63	35,58	16,35	Roma	7,89	78,71	5,11
Mantova	55,91	29,21	22,19	Viterbo	35,63	41,56	30,76
Milano	18,47	70,07	9,68				

* [Table continued on following page]

Pavia	46,14	45,60	17,72	Chieti	27,74	33,33	24,53
Sondrio	41,99	38,87	23,97	L'Aquila	18,10	39,43	25,36
Varese	39,32	55,04	20,18	Pescara	21,86	49,01	19,48
Genova	21,49	77,40	4,68	Teramo	37,99	33,75	28,54
Imperia	32,48	62,90	15,84	Campobasso	21,25	29,80	23,86
La Spezia	25,48	54,64	15,24	Isernia	17,98	27,51	33,29
Savona	24,31	66,41	13,91	Avellino	16,77	24,00	24,66
Bolzano	28,97	38,53	12,28	Benevento	21,98	32,15	22,27
Trento	37,45	43,67	20,35	Caserta	21,01	33,56	26,60
Belluno	35,53	38,50	18,10	Napoli	13,94	61,76	10,22
Padova	40,26	39,32	16,17	Salerno	21,65	36,90	21,35
Rovigo	47,29	23,56	23,19	Bari	14,18	42,24	15,59
Treviso	47,46	34,64	23,43	Brindisi	20,06	31,04	19,03
Venezia	29,55	49,76	10,85	Foggia	18,29	35,19	17,16
Verona	47,79	39,61	17,67	Lecce	27,32	33,00	23,36
Vicenza	44,91	37,58	21,61	Taranto	15,22	38,93	12,88
Gorizia	30,66	48,41	20,22	Matera	28,24	36,40	17,42
Pordenone	44,27	30,80	35,32	Potenza	18,84	28,76	21,41
Trieste	17,64	72,81	3,01	Catanzaro	15,55	30,38	21,26
Udine	39,48	31,71	23,01	Cosenza	17,34	28,35	21,07
Bologna	31,14	65,76	7,64	Reggio C.	15,98	35,13	19,53
Ferrara	47,84	37,59	19,15	Agrigento	24,95	36,32	26,44
Forlì	39,12	46,05	18,03	Caltanissetta	19,43	38,26	21,79
Modena	46,45	44,77	18,73	Catania	17,31	50,21	10,54
Parma	47,02	42,93	11,41	Enna	20,99	33,93	15,83
Piacenza	48,93	40,67	19,55	Messina	20,23	42,19	11,59
Ravenna	49,35	49,06	15,45	Palermo	12,67	54,48	10,41
Reggio Emilia	52,38	36,31	17,85	Ragusa	23,30	44,85	18,50
Arezzo	43,06	50,21	25,46	Siracusa	16,90	47,62	13,89
Firenze	30,32	71,80	9,31	Torremaggiore	22,01	45,41	20,06
Grosseto	44,13	53,52	18,73	Cagliari	17,95	40,07	15,17
Livorno	22,81	70,44	11,77	Nuoro	30,74	31,64	28,46
Lucca	30,58	52,27	20,79	Sassari	14,69	24,90	17,86
Massa-Carrara	26,01	40,37	20,90	Oristano	22,04	44,24	35,10
Pisa	29,03	51,73	23,18	ITALIA	30,45	50,42	13,62
Pistoia	47,23	51,11	20,73				
Siena	31,37	56,40	16,66				

Source: Expansion of SIP [Italian Telephone Co.] Data.

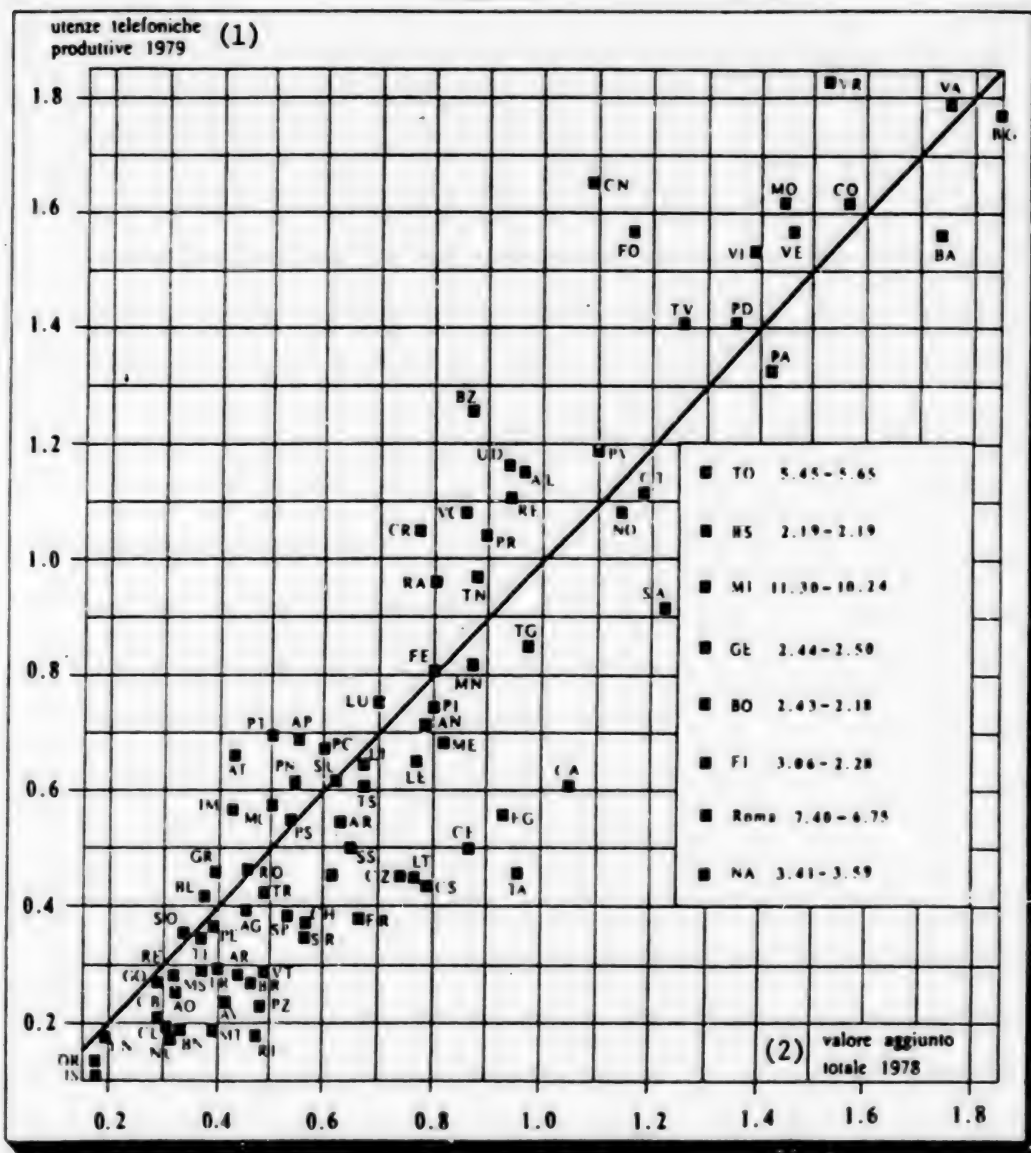


Chart 1. Number of Telephone Subscribers in Production Sectors and Total Amount of Value-Added

Key:

1. Telephone subscriptions in production 1979
2. Total value-added 1978

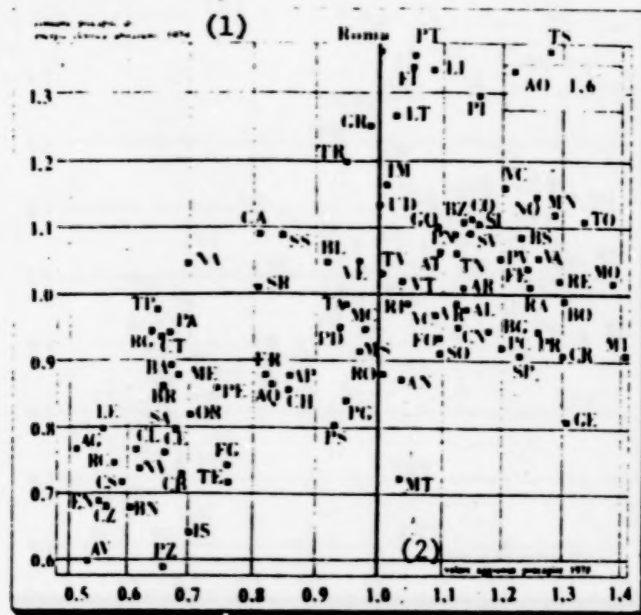


Chart 2. Per Capita Energy Consumption per Home and per Capita Value-Added

Key:

1. Per capita consumption of electrical energy in homes 1979
2. Per capita value-added 1978

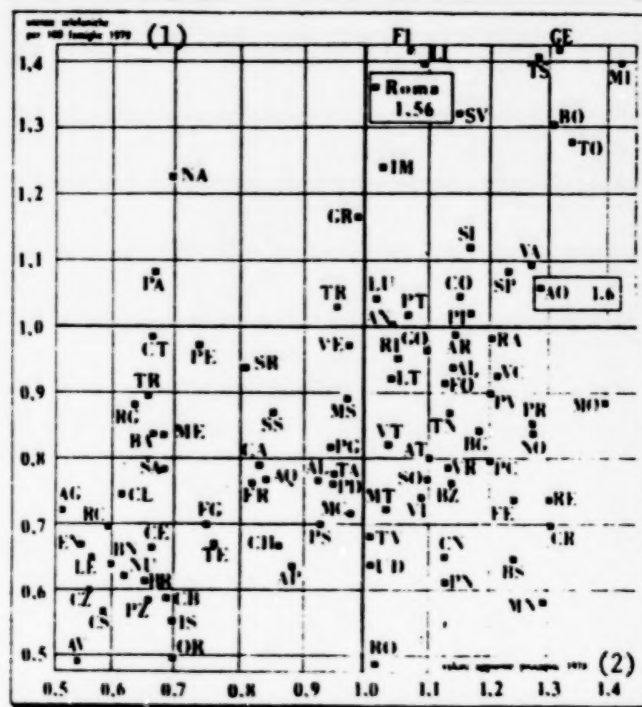


Chart 3. Home Telephone Subscriptions and Value-Added

Key:

1. Telephones per 100 families 1979
2. Per capita value-added 1978

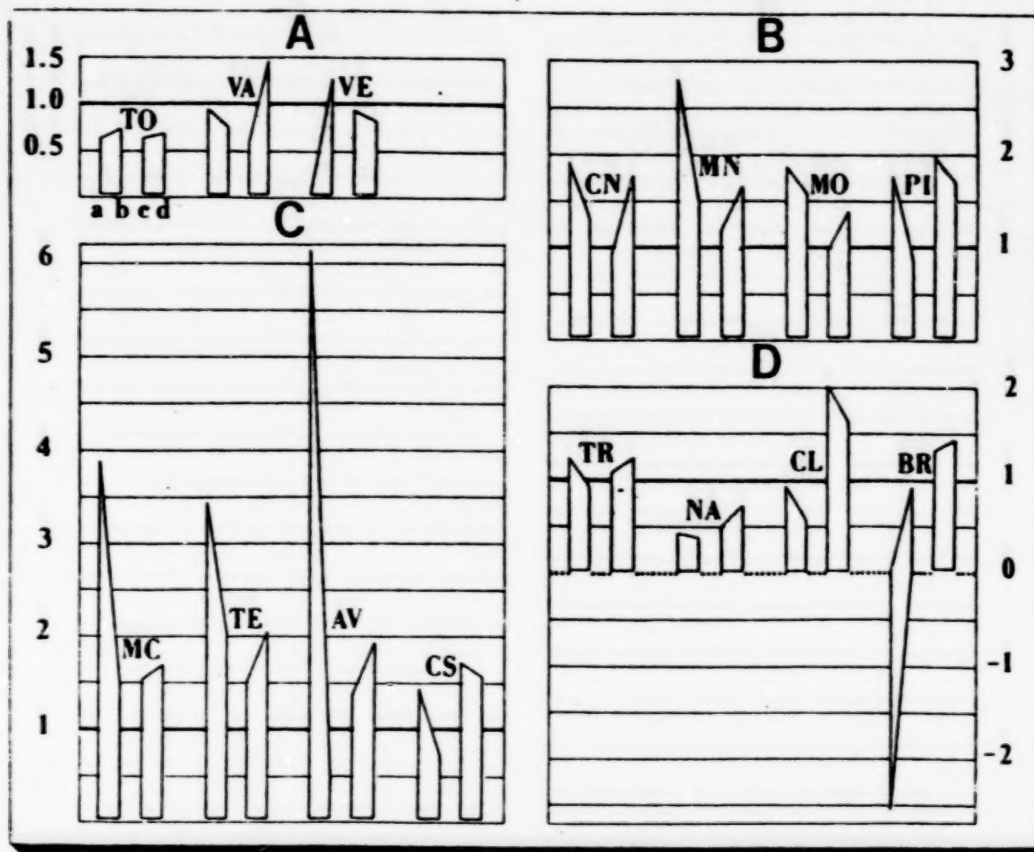


Chart 4. Business Activity and Standard of Living (1977-1979)

Key to the Two-Letter Abbreviations Used in the Four Charts:

AG--Agrigento	CH--Chieti	LI--Leghorn
AL--Alessandria	CL--Caltanissetta	LT--Latina
AN--Ancona	CN--Cuneo	LU--Lucca
AO--Aosta	CO--Como	MC--Macerata
AP--Ascoli Piceno	CR--Cremona	ME--Messina
AQ--Aquila	CS--Cosenza	MI--Milan
AR--Arezzo	CT--Catania	MN--Mantua
AT--Asti	CZ--Catanzaro	MO--Modena
AV--Avellino	EN--Enna	MS--Massa Carrara
BA--Bari	FE--Ferrara	MT--Matera
BG--Bergamo	FG--Foggia	NA--Naples
BL--Belluno	FI--Florence	NU--Nuoro
BN--Benevento	FO--Forli	OR--Oristano
BO--Bologna	FR--Frosinone	PA--Palermo
BR--Brindisi	GE--Genoa	PC--Piacenza
BS--Brescia	GO--Gorizia	PD--Padua
BZ--Bolzano	GR--Grosseto	PE--Pescara
CA--Cagliari	IM--Imperia	PG--Perugia
CB--Campobasso	IS--Isernia	PI--Pisa
CE--Caserta	LE--Lecce	PR--Parma

PS--Pesaro
PT--Pistoia
PV--Pavia
PZ--Potenza
RA--Ravenna
RC--Reggio Calabria
RE--Reggio Emilia
RG--Ragusa
RI--Rieti
RO--Rovigo
SA--Salerno

SI--Siena
SO--Sondrio
SP--La Spezia
SR--Syracuse
SS--Sassari
SV--Savona
TA--Taranto
TE--Teramo
TN--Trento
TO--Turin
TP--Trapani

TR--Terni
TS--Trieste
TV--Treviso
UD--Udine
VA--Varese
VC--Vercelli
VE--Venice
VI--Vicenza
VR--Verona
VT--Viterbo

FOOTNOTES

1. S. Casillo, "The South: There's No Independent Future for the Southern Areas," RINASCITA, 1 May 1981.

--M. Valentini, "Novacca Speaks: South of the True Brambillas," IL MONDO, 1 May 1981.

--Italian Union of the Chambers of Commerce, Industry, Handicrafts and Agriculture, Records of the Conference on "Southern Society and Local Entrepreneurs," particularly the report by E. Pontarolla, "New Industrialization of the South: Suggestions for an Interpretive Model," Rome, 2 April 1981.

--Various Authors, "Abruzzo: The Adriatic Recipe," in MONDO ECONOMICO, 19, 24 May 1981.

2. G. Lizzeri, "Picture of the South Against the Light," Naples, 22 June 1979, and E. Co., "ENEL [National Electric Power Agency] Data Show Industry in Decline," IL SOLE 24 ORE, No 82, 10 March 1981.

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